

JPRS-WER-84-147

5 December 1984

West Europe Report

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5 December 1984

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HUYSER ON DEFENSE STRATEGY, EMERGING TECHNOLOGIES

The Hague LEGERKOERIER in Dutch Sep 84 pp 11-13

[Interview with General G.L.J. Huyser, defense chief of staff, by M. v. H.: "New Technology Perhaps Lever for Better Cooperation"; date and place not given; passages enclosed in slantlines, printed in italics]

[Text] General G.L.J. Huyser has been defense chief of staff for more than a year now. As such he is the highest military adviser to the political leadership in the Ministry of Defense. In addition, he leads the development and adoption of the operational policy of the three armed forces and of the royal mounted constabulary, and he coordinates the planning activities of the three chiefs of staff.

"It actually comes down to my giving the final advice," said General Huyser, "because in drafting advice the grass fortunately grows from the bottom up. I am the one who coordinates and in the final analysis adds the last piece. As such I do have the opportunity to set priorities."

Practice has taught that the defense chief of staff fulfills primarily a bridge function. Whenever a gap develops between what is politically necessary and what is politically "achievable," he acts to build a bridge. Huyser: "Together with the commander involved I then bring the relevant matter up with the political leaders." In the following interview, General Huyser gave his opinion on a number of subjects, among others the military-strategic area.

Strategy of the Future

Question: One of the subjects studied by the defense staff is the military strategy of the future. To that effect, the defense staff was recently even expanded with a "defense-strategic concept office." What role has been given in this strategy to the so-called emerging technologies, which have been talked about more and more recently?

General Huyser: The concept of emerging technologies was used for the first time in 1979 during a conference of National Armament Directors. In 1982 Weinberger introduced it in the Defense Planning Committee. Hence, it is in origin defense jargon which has penetrated into political language usage. This is why, when you ask people in the industry who deal with arms technology developments what is going on in the area of emerging technologies the answer regularly is: what exactly do you mean? Emerging technologies actually indicates the technological development which will make it possible in the future to make certain improvements in conventional arms. Specifically, one thinks of sensors, communication equipment, data processing equipment, "smart" weapons and ammunition. But, the influence of emerging technologies is also visible, for example, in the area of biotechnology. Those improvements then involve primarily the speed of reaction, the accuracy and the range. These things will certainly cost a great deal of money. Hence, in this context they talk of "high risk technology."

An optimistic view of the technology of the future is that one of the basic principles of warfare, that is to say the element of surprise, could become impossible or hard to obtain. That could have a stabilizing effect. Pessimists regularly point to a possible arms spiral. I myself usually belong to the optimists. And when I daydream a bit about this matter then it does occasionally occur to me that emerging technologies could be a lever for a better task distribution within our alliance or for standardization or for better equipment cooperation. I think that there could be at least an impulse in that direction. What is definitely needed as a first step then is an overall operational concept, which would allow priorities to be determined. Whatever the case may be, we must make sure that emerging technologies do not become emergency technologies.

Offensive Approach

Question: To what extent do emerging technologies play a role in the American Army 21 military-strategic concept?

Huyser: There definitely is a mutual interaction between emerging technologies and Army 21. The latter concept is a new version of the Airland Battle 2000, an operational concept which provided for the use of both land and air force units. At a certain point the air force component disappeared from it, hence the "army" reference alone in the new name. The added "21" refers to the 21st century. Army 21 is a global concept, which relates not only to NATO territory but to the whole world scene. It proceeds from an understanding of several sociographic and geo-political situations in the early 21st century. Such as the size and composition of the population of the United States, the natural threat from the environment and the state of technology.

Army 21 is based on an offensive approach. That is to say that one of the starting points is that they will attack to within a few hundred kilometers behind the front line. This would specifically damage the second echelons of the enemy's reserves. The idea does appeal to me, because I personally have warm feelings for an "offensive" spirit. Therefore, as army commander I always insisted that in case of a protracted battle, if one is not able to attack, one should go in for a surprise fire attack.

As a matter of fact, attacks behind the enemy lines are nothing new. Air force interdiction also occurs over enemy territory. What is new is that in the new concept the attack also takes place with means other than airplanes, specifically guided projectiles and helicopters. For the sake of understanding: within NATO there is no agreed concept in this area among the allies.

A misunderstanding which is virtually impossible to eliminate is that many people think that Army 21 is a new strategy. It is absolutely not a strategy; the flexible response remains untouched. But as I said: one of the starting points of this study on tactical behavior in the future is the /technology/ of that future. Hence, there is mutual influencing, but there has always been such a "cross-pollination" between technology and tactics. As a matter of fact, that also exists in our normal daily life. In the year 1984, technology offers the consumer more than he needs strictly speaking. That is also the essence of the military planning problem. First look at what you need from an operational point of view and do not let yourself get excited.

Question: What do you think about a European security concept, for example with regard to the security of oil routes and a joint policy for arms production?

Huyser: At the moment, a real Europe-boom is under way. Whatever the case may be, when our security is at stake we should certainly hang on to our ties with the United States and Canada. I do find it important in this respect that a consensus be achieved within NATO about what has to be done and that all parties feel involved in it. On the other hand, the Americans will put their Rapid Deployment Force (a separate armed force intended for possible action outside the NATO treaty area - M.v.H.) into service only after consultation with the allies.

As for a joint policy on arms production, there is a kind of dynamic in progress here. It involves the famous two-way street, that is to say that if we buy in America, America will also buy here. You could also create your own European competitive position. If all the countries were to participate and if non-NATO countries also were to buy here, it could be a sound position. It should, of course, lead to less expensive purchases. But then there must be the political will to do it. Otherwise it won't succeed.

Warsaw Pact Armed Forces

Question: How great do you think is the real threat of the Warsaw Pact armed forces with regard to the West?

Huyser: The combat strength of any army is the product of people, equipment, organization and morale. In terms of the Warsaw Pact most factors can be quantified, but how should you estimate, for example, the political reliability of the Soviet Russian allies? I am nevertheless of the opinion that an unmistakable threat emanates from the potential which has been built up in Eastern Europe. The West could at least be "Finlandized"* by it.

* To Finlandize: a strategy which, by means of subtle pressure, is aimed at influencing and ultimately exercising control over a country without violating its territorial integrity.

I also believe that the Soviet Union intends to produce a gap between Europe and the United States. But as the situation is at the present time, the gains which an attacker could make would be possible only at the cost of a great deal, too much.

Question: To what extent are the Dutch armed forces prepared for a war in which chemical weapons are used by the enemy?

Huyser: The Warsaw Pact has the means to use chemical weapons. And the doctrine of the Warsaw Pact armed forces does provide for the use of such weapons, either as a flank cover or to achieve success in the main attack. Hence, the threat on this point is obvious. We have not done enough yet to protect ourselves against it, but -- as was also shown in the defense memorandum -- NBC [Nuclear, Biological, Chemical] protection has been given a high priority at the expense of many other projects.

Question: To what extent do you see parallels between defense thinking in the Netherlands in the thirties and in the eighties?

Huyser: I see many more differences than parallels. The situation today is fundamentally different from that in the thirties. We no longer conduct a neutralist policy, because we have made a choice in favor of an allied defense. And our contribution to it is borne by society.

You also have an opposition today which takes a critical position with regard to defense, but which definitely does not want to torpedo it.

Question: What is your opinion of the so-called Strategic Defense Initiative of the United States (a "radiation dome" above America to stop enemy missiles) and the (American) development of an anti-satellite weapon?

Huyser: The Strategic Defense Initiative is President Reagan's effort to study the possibilities to protect the territory of the United States from a missile attack. Hence, it is not certain that it is possible from a military-technological point of view, but the cost would be virtually prohibitive. Another aspect is the political-strategic one. The flexible response, the adjusted response and mutual deterrence are based on mutual vulnerability. With the Strategic Defense Initiative the balance of vulnerability would be disturbed and partly because of that a strategic gap could develop between the United States and Europe.

Question: It was recently noted that the number of navy officers who break off their navy careers to accept a civilian job has significantly risen in the last few years. What do you think about that development?

Huyser: On the one hand, I find it a pity and I am concerned about it, but, on the other hand, I also see it as a compliment to the navy. They apparently train excellent technical personnel with management skills. Once again we'll have to take a good look at the prime motivators in this personnel category, actually among all personnel. Although it is known that wages, for example, are not a prime motivator and that work atmosphere and affection for the company

are important, we must definitely continue to keep an eye on the monetary value given to personnel. Rather a great deal has been accomplished lately, especially in the so-called secondary labor area. While the economy has not been attracting well, defense feels the drawing power of the business world very much. Technicians, automation personnel, accountants, good young officers and non-commissioned officers are leaving because in the business world they can earn more by a factor of X. But as was said, other things are certainly equally important. What we must ensure in this respect in the armed forces is, among other things, good sailing, flying, and training opportunities. As a matter of fact, the spirit which pervades the defense memorandum is one of giving clear priority to sailing, flying and driving. In this respect my concern for the future is primarily one of good human leadership, specifically at a low level, in order to motivate people and to guarantee that training will be sound and suitable.

The continuity of the quality of leadership is at stake.

8463

CSO: 3614/14

ACADEMICIAN SOTELO ON NATO REFERENDUM, EEC LINKAGE

Madrid EL PAIS in Spanish 14-15 Nov 84

[Article by Ignacio Sotelo, professor of political science at the Free University of Berlin: "Seven Points About Spain's External Defense"]

[14 Nov 84 p 16]

[Text] The author analyzes the various aspects of the referendum on Spain's membership in NATO, feeling that the pledge to hold the referendum is closely linked with the last stage of the negotiations for Spain's full-fledged membership in the EEC. In his first four points, which we are publishing today, Ignacio Sotelo asserts, among other things, that "we have to destroy the myth that we were under irresistible pressures to belong to NATO and the myth that a decision to withdraw would have extremely serious consequences."

It is probably too much to hope that the reader will appreciate the efforts that I have made to prevent my own convictions from influencing my analysis of the facts too strongly. We tend to be judged on the consequences of our analyses, not on their validity. It is of little use to note that I would also prefer that things turned out differently, because although will, like faith, can move mountains, strong desire is not enough to achieve our aims or to prevent the bleakest forecasts from coming true. We must, of course, act as if the salvation of the world depended on us, but naturally we must not think that this is so. I might be convinced that the winds are blowing in one direction and nevertheless move in the one that I deem proper. Intellectual concern about finding out which way events are headed does not necessarily lead to an eagerness to be in the forefront of those events, even if this is a condition for success. We should also remain faithful to what we deem just and go against the grain, but we must then accept that we have placed ourselves out of the mainstream and we must not stubbornly believe, against all the evidence, that what we feel is reasonable and just will eventually win out.

Although I doubt it will prevent gross misunderstandings, I feel that a foreword like this is indispensable to my review of the basic underlying elements of the NATO issue, a review that I will make as objective as possible. The fact that I am refraining from personal judgments on this occasion does not mean that I am not willing to air them in public. It would simply be counterproductive to the pursuit of my objective: to shed some light on an issue on which, from what I read and hear, the public is on the verge of overcoming, if that is possible, the confusion that the government has been creating. I will summarize several complex issues that would require much more extensive treatment to bring in fine points and qualifications. Such unambiguous language is a virtue, however, at a time when it no longer makes sense to do a balancing act. Here, then, are my seven points:

1. First of all, we should distinguish two separate issues, regardless of how interrelated they might appear: on the one hand, the NATO question, which has been practically resolved; and on the other, the mess that the administration has gotten itself in with its promise of a referendum, which will not be easy to resolve. The social and institutional forces that have a say in Spain have already decided to keep the country in NATO; nor has the government left the slightest doubt as to its position in spite of its "calculated ambiguity." The NATO issue is behind us. It remains only to highlight the reasons why officialdom is clearly pro-NATO while gut-level anti-NATO feelings seem to predominate among public opinion, especially in certain segments of it.

2. Spain's ruling classes and the political institutions they represent have made a clear choice: to reestablish democracy in Spain as the appropriate way of stabilizing and modernizing capitalism, the only socioeconomic system that they feel is rational and viable. Now then, capitalism's economic base has extended beyond our borders for decades and become part of supranational blocs. The Western World, to which we belong, has a core (the NATO countries and Japan) and a dependent, more or less controlled periphery in Latin America, Africa and Asia. There are only two options within the established capitalist system: try to join the dominant bloc or remain on its periphery. Membership in the European Economic Community represents the almost unanimous desire of the Spanish people to join the caravan of wealthy nations, thus linking our economic, social and political future to a community whose production, technological and cultural capacity is still impressive. At the same time, the member countries of the community, with one practically irrelevant exception, are the core of NATO under the undisputed leadership of the United States. The present-day consensus of Europe's capitalists, their individual quarrels with the American overseer notwithstanding, is that U.S. military and economic supremacy is a long-range guarantee of their well-being that they cannot renounce. From a capitalist approach, which is unquestionably the dominant one in Spanish society, linking our future to that of the predominant capitalist bloc and playing our proper role in the EEC and NATO seem to be unavoidable imperatives. Spain's ruling classes completely lack confidence that they can resolve our political, social and economic problems outside these supranational bodies.

3. It is we Spaniards who want to make the jump from the periphery to full membership in Western Europe's economic and military organizations. There have been no pressures on us to join the EEC; on the contrary, there have been countless difficulties. And if we joined NATO suddenly one night, it was not because the predominant power put irresistible pressure on us; it was because the administration felt cornered and thought that joining NATO would consolidate its position. We must destroy the myth that we were under irresistible pressures to belong to NATO and the myth that a decision to withdraw would have extremely serious consequences. NATO's prestige would certainly suffer (it is much more difficult to withdraw than to join), but the vital interests of the United States would be safeguarded as long as we are a capitalist society within its economic orbit and maintain the bilateral pacts that in practice make us part of its military logistics. The United States has a wide variety of relationships with peripheral capitalist countries and would try others. The question is merely to ascertain the advantages and disadvantages of other possible relationships (the Franco government always forced us to be the exception, and thus we at least have experience in this regard) and then to compare them with the advantages and disadvantages of remaining in NATO.

[15 Nov 84 p 16]

[Text] Ignacio Sotelo continues the presentation of his seven points on Spain and NATO. He concludes that "if negotiations with the EEC are brought to a close, it is highly unlikely" that the referendum promised during the election campaign and later in the 10 points that the prime minister submitted to Parliament can even be held.

4. How do we explain then the wavering, the ambiguity and the contradictions of the PSOE and its administration on the NATO issue? Is there perhaps a wide gap between a fully capitalist view of our future and the administration's policies? It seems obvious that that is not the case. There are, instead, two sets of explanations for the ambiguities and contradictions in the administration's words, but never in its actions.

The first has to do with the fact that the government's ambition is full-fledged membership in both organizations, but with the EEC having a clear-cut priority. Since we had rushed into NATO long before our membership in the community was a sure thing, it was quite possible that we would end up belonging to the military organization and be left standing on the threshold of Europe; in other words, to use the administration's phrase, we would be taking the bad and not getting the good. The promise of a referendum carries the implied threat that if we do not get to join the EEC, we will withdraw from NATO. The aim of the referendum is not to leave NATO (if that were the case, the best thing would have been to hold one right after the election victory) but to join the EEC. The referendum is useful only as a tool, as leverage to facilitate negotiations with the EEC, because its message is that there will be majority support for NATO membership only after we have secured our spot in the community.

Continued membership in NATO seems certain if, as expected, the negotiations with the EEC conclude shortly. If something unforeseen should occur (and this cannot be ruled out completely yet) and the door is slammed in our face, anything might ensue, from moving the referendum forward and a resulting withdrawal from NATO, to continued banging on the EEC door. From the standpoint of the policy that all of the governments since we attained democracy have pursued, not joining the EEC and the resulting obligation to withdraw from NATO would be a resounding failure that would have unpredictable consequences not only for the current administration but for the entire democratic system as well.

The second set of reasons that would explain the administration's ambiguity has to do with the PSOE's ideology in the very recent past, when it still dreamed of moderate, realistic policies that were nonetheless different in some minor respects from those of orthodox capitalism. As Fernando Moran explained in a very thought-provoking book, the idea was to pursue a more ambitious, more original foreign policy. The Socialists promised a referendum because in addition to its being a tool, they were confident that there was a policy alternative to membership in NATO.

5. It is not true that there is no policy alternative to belonging to NATO. Certainly there are foreign and defense policies that do not entail membership in military alliances, just as there are economic and social policies other than the ones that the administration is pursuing. The logic of membership is based solely on a determination to strengthen the prevailing capitalist order. If we see this order as reformable and if we dare to imagine other policies for job creation, income redistribution, the independent development of science and technology, etc, feasible alternatives in foreign and defense policies emerge. The only requirement is consistency and complementarity between domestic and foreign policy. Based on this principle of consistency, we can conclude that the overall policies that the administration has pursued so far necessarily lead to membership in NATO. In any event, when we examine alternative policies, we must acknowledge that the pressures and risks here at home would be much greater than those we could expect from overseas.

Alternative Policies

The point, however, is not to ascertain whether in theory there are alternatives to a pro-NATO policy, because there are, nor whether the alternatives would be more in keeping with the majority interests of our peoples, which they well could, nor of course whether they would make a far from insignificant contribution to the cause of peace by furthering detente between the two military blocs. The point is not to develop theories of reasonable alternatives, but to identify the social forces that can carry this innovative policy forward. We must perhaps admit to those whose desire for peace and progress has not clouded their view of reality that at this juncture Spain is far from being

in a position to formulate, much less to pursue, a moderately realistic, consistent and rigorous alternative policy.

6. Our unusual contemporary history explains why public opinion, at least in its restricted meaning of opinion-makers, is mostly anti-NATO and why the "civilized" Right, the capitalist, pro-NATO and democratic Right is much smaller than in the rest of Europe even though today it shapes both Spanish society and government. Three converging factors can be cited to explain the current anti-NATO feelings. First, many Spaniards cannot forget that the Franco dictatorship lasted for three decades after fascism was defeated thanks to the backing of the United States. The friend-enemy stereotypes that arose in Europe after World War II are different for Spaniards. For most of the nations of Europe, the Americans are the friends who liberated them from fascism and keep at bay the Soviet expansionism that has made Eastern Europe a satellite; in the eyes of Spaniards, in contrast, the Americans are responsible for maintaining the dictatorship, while the Soviet Union supported the legitimate government of the republic and had the honor of being proclaimed the natural enemy by Franco.

Second, we have to look at the transition itself. In the early 1970's the Left had high hopes about the changes that would occur when Francoism disappeared. It has subsequently had to live with policies that in no way fit in with its plans, both because the State has been lent continuity and because capitalism has been maintained and even strengthened. The Left's only remaining hallmark is its anti-Americanism, which is embodied in its opposition to NATO. It is difficult not to succumb to the temptation to think that if Spain were to withdraw from NATO, a leftwing policy could be rebuilt that would break the molds to which it has had to adopt.

Third, the vestiges of Francoism, which are still deeply imbedded in Spanish society, are fueling a gut-level nationalism based on watchwords of greatness and independence that the previous regime had fostered, in sharp contrast to its docile foreign policy. This residual nationalist Francoism is linked in the "sociological Right" to a no less irrational opposition to socialism that manifests itself, because the administration is socialist, in opposition to NATO.

7. It is highly unlikely that the referendum will be held if the negotiations with the EEC are brought to a close. A referendum does not appear certain even in the almost inconceivable event that they end in failure. I do not doubt the administration's desire to hold it, but I do doubt that it can carry out its wishes. Faced with a public that is as naive as it is broad, those who wield power in modern industrial society actually have very little leeway, which in any event does not coincide with their formal sphere of action. The legal basis of a decision is one thing; the political basis is another. From a strictly legal standpoint, who can doubt that the prime minister can set in motion the machinery leading to a referendum? But who would think that a

decision of this importance, with its domestic and foreign ramifications, is made solely by the person who is formally empowered to do so? To reduce politics to its formal legal components or to exclusively personal levels is to be completely unfamiliar with it. A multitude of diverse factors influence every political decision, all the more so the more important it is, and these factors must be borne in mind. Bearing them in mind, I am assuming that the referendum goes far beyond this government's scope of action. And if the prime minister cannot keep his promise, he has no other choice than to dissolve the Cortes and call early elections.

8743

CSO: 3548/44

BROAD AGREEMENT WITH GONZALEZ CALLS FOR NATO CONSENSUS

Madrid ABC in Spanish 25 Oct 84 p 29

[Text] Madrid--All of the parliamentary groups except the communists and some members of the Mixed Group have demonstrated their satisfaction with the proposal of Felipe Gonzalez on consensus in defense policy. Those objecting to this proposal are Santiago Carrillo and Juan Maria Bandres as well as Francisco Vicens, all of them in the Mixed Group.

Manuel Fraga said that it was very convenient to propose the consensus only in what is interesting and did not reveal anything more. Jorge Verstrynge was reserved. Oscar Alzaga, as leader of the opposition, argued "why is it not possible to have dialogue only in the subjects of state that are of interest?" And Miguel Roca pointed out the governmental "rectification."

Jorge Verstrynge said that, in his opinion, the speech of the president of the government was "one of the most developed versions of 'Alice in Wonderland', meaning in the country of the socialist marvels--unshared by the others--with a strong sleep-inducing dose." With respect to consensus on NATO, Verstrynge said that it is "the recognition of the worst case of the government putting its foot in it that it has committed in terms of foreign policy. We know that Felipe Gonzalez was going to end up asking for this, because the PSOE [Spanish Socialist Workers' Party] on the subject of NATO had entered a dead end. The rest of us are going to have to help it out. And, deep down, Felipe Gonzalez has recognized this."

Elephant Trap

Oscar Alzaga said that the prime minister "has gotten carried away in praises, in self-praise." "I think," he said, "that there is no objectivity when a climate of freedoms is described by making a dominical and unilateral appropriation of what were the great achievements of others," On the offer in regard to NATO--"unforeseen," according to Alzaga, "implies an intent to return to the thesis that it is necessary to have consensus in matters of state, but it is not possible to apply it only when the prime minister and secretary general of the PSOE is caught in an elephant trap that he himself has constructed faced with his party congress in December."

Gerardo Iglesias, secretary general of the PCE, said that the speech had been overly exultant and the prime minister had "tiptoed over the real problems of this country." "A prime minister who errs in fundamental subjects, as in the cases of unemployment or NATO, reveals that he is incapable or that he is consciously tricking the people." "In NATO," he said, "there is enormous deception and scandalous fraud. After 2 years of displaying confusion, he comes and proposes a consensus. The consensus that Felipe Gonzalez is seeking is with the Right, openly limping toward an international policy of alignment with Reagan. I think that behind all of this is the desire to move up the general elections so as to avoid the referendum." Gerardo Iglesias was in basic agreement with Santiago Carrillo: "What the president wants to do is have an AES [Economic and Social Agreement] on the subject of NATO, and that is not possible. I see the referendum in a very precarious position."

For Javier Saenz de Cosculluela, spokesman for the Socialist Group, the president's speech was "magnificent," and the offer on NATO is "extraordinarily important if it is accepted by all groups." Former Prime Minister Leopoldo Calvo-Sotelo said that the proposal on NATO seemed to him to be "substantive." "The failure to renounce the treaty," he said, "and the continued participation in NATO is the right way to go and I feel that the correctness of the political decision of the government that I presided over has been confirmed." Centrist Luis Ortiz said that he was rejoicing that the government seems to have rectified things in this subject.

Miguel Roca was of the opinion that the only point in which he had been specific was that of NATO and foreign policy, where there was an "important rectification." "We recognize the rectification, and in reference to the dialogue, it is not part of our style to decline it; on the contrary, at times we have asked for it and it has been refused." Marcos Vizcaya from the Basque Minority, said that the reference to NATO "is the most serious element of the prime minister's speech, and that offer of a dialogue cannot be disqualified, even though it is true that Felipe Gonzalez is trying to pass his problem concerning NATO on to the rest of the political parties."

9746

CSO: 3548/33

TURKEY'S KURDISH PROBLEM SEEN RELATED TO NATIONAL STRUGGLE

Nicosia I SIMERINI in Greek 27 Oct 84 p 3

[Article by Savvas Iakovidis]

[Text] The struggle being waged today by the Kurdish people against the Turkish junta should be duly analyzed and assessed by the Greek and Cypriot side. The battles occurring in eastern Turkey, and the genocide plan Ankara is implementing again against a people, must not go unnoticed for the following three important reasons:

First, because for the first time it appears that the Kurds are more organized since they are now using antiaircraft weapons against the Turkish forces.

Second, because of the above, Turkey has been deeply disturbed and thus it sought a kind of "holy alliance" with Iraq and Iran for a common Kurdish resistance faction and extermination of the Kurds. On the one hand, Iraq for its own purposes which concern the war with Iran, agreed to allow Turkish forces to pursue Kurds on Iraqi soil. Teheran, however, dismissed the Turks and almost told them to cut their own throat.

Third, the hour and time the Kurds chose for their new uprising is the appropriate one. This is because, within the constant rearrangements occurring now in the Middle East, they are attempting to exploit events to acquire a national identity which the Turks, primarily, are depriving them of. As well as butchering them.

The Kurds' struggle is important for another reason, particularly for Hellenism: The battles in eastern Turkey are diverting a significant part of the Turkish Army to the country's eastern borders. And from this standpoint, Turkish expansionism, which persists in having designs in the Aegean, is being distracted. There is another, equally meaningful factor which must not be overlooked: In the last analysis, the Kurdish people's struggle is on a parallel with the struggle of the Greek Cypriots, Armenians and Greeks against the intensified and now unconcealed Turkish expansionism.

A German official forecast and pre-judged several months ago that, on the Kurdish issue, Turkey was obliged to follow one of two solutions: Either to grant at last minority rights and to respect, even now, the human rights of a persecuted and constantly violated people, or to impose by fire and sword the extermination and

"solution" of the Kurdish problem. As appears from recent events, Turkey has chosen the second solution. In the mountains of Anatolia, another genocide of a remarkable and unsubjugated people is being completed.

Ankara's plans are clear: It is attempting, with the collaboration of Iraq, to split the Kurds in a first stage and then to neutralize them. In addition, Iraq would like to use them against Iran. It appears, however, that Teheran's refusal destroyed the Turkish-Iraqi plans and for this reason Turkey is persevering in an agreement with Iran also. All these developments, and the events surrounding, and by reason of, the Kurdish problem, are not insignificant details. They are serious political events and may influence the whole geostrategic picture in our area.

Hellenism cannot remain indifferent or, of course, a disinterested and unperturbed spectator of the things happening against the Kurds. Particularly when Turkey, which is attempting to impose a status quo of equality or even majority of votes on the Turkish Cypriots, is denying rudimentary rights to a community of several million Kurds! It has become commonplace now but must be repeated so everyone can be aware: Turkish expansionism has reared its head again. The Turkish invasion on Cyprus has intoxicated and gone to the heads of the militarists in Ankara. It is the elementary job of those threatened at least to defend themselves and organize their resistance as best as they can.

9247

CSO: 3521/64

BRIEFS

QUALIFIED USE OF BASES--The minister of foreign affairs, answering a question put to him by the deputy, Khambis Mikhailidis, concerning the role of the British bases in Cyprus, reported that: "The government of the Republic of Cyprus is not about to accept the British bases being used for purposes not in keeping with those provided by the related agreements and it affirms that it will proceed to all the actions necessary to protect its relations with third countries. The Cypriot Government's position as concerns the British bases has been expressed repeatedly and remains unchanged. There is nothing new, to its knowledge. However, the Cypriot Government's firm and often-expressed position is that it is not about to allow the British bases to be used for purposes which place in danger the safety, life and interests of the Cypriot people, the Cypriot Republic and our area in general." [Text] [Nicosia 0 FILELEVTHEROS in Greek 26 Oct 84 p 12] 9247

CAUTIOUSNESS IN ARABS' LICENSES--"Scores of wealthy Arabs, mainly from Lebanon, who have settled in Cyprus are earnestly seeking for Cypriot authorities to grant them hunting licenses. Some of them have already secured the licenses while about 100 applications are still pending in all the districts." This news is published by the hunting periodical 0 KYNIGOS which goes into circulation today. According to the same publication, the fact that the applications are not being immediately approved is related to the acts of violence in which Arabs are reportedly involved. And the same publication ends: "In their effort to secure hunting licenses, the foreigners are coming into contact with people who can influence the appropriate authorities and put pressures on the government." [Text] [Nicosia I SIMERINI in Greek 27 Oct 84 p 14] 9247

CSO: 3521/64

FITERMAN'S POSITION IN PCF EXAMINED

Paris LE CANARD ENCHAINE in French 26 Sep 84 p 2

[Text] Charles Fiterman wielded a decisive weight in the last Central Committee of the PCF [French Communist Party]. If the "renovators" did not press their offensive all the way, it was because he succeeded, it seems, in persuading them to share this conviction: The conditions for a "renovation" have not yet come together and will not have done so even by the party's February 1985 congress, but rather somewhat later.

Just before the Central Committee's meeting, Fiterman made contact with the PCF leaders who, following the June electoral rout, had stuck their necks out in public demanding a full-scale debate within the party. To all of them he counseled prudence and patience. First of all, it seems, because it is not in the nature of the former minister to take charge of a rebellion. And secondly, because he also did not want to see the axe falling on comrades who had already been singled out and denounced in August, in a report by the Political Bureau, as "an organized hit faction."

Fiterman is not the only one who thinks that any significant events will not occur until after the February congress. Last week, his former technical adviser in the Ministry of Transportation, Jean-Paul Jouary, stated in private: "At the congress, Georges Marchais will become the party chairman and Roland Levy the secretary general. A dialectically significant prediction? Or a mere hallucination?"

Firing At Will

When Fiterman talked to Pierre Juquin, prior to the Central Committee meeting, he was decidedly blunt: "If you raise your head to the aiming slit, they'll shoot you down. You have the profile that is the dream of those who would like nothing better than that there be a 'Juquin issue.'"

Fiterman's advice explains in part why Juquin has not said a word during the past 3 days. It has not been for lack of open provocations by his adversaries. On the last day, Arthur Buchmann, the Moselle federation secretary,

let himself go completely: "In this Central Committee," he took to shouting in the direction of Juquin, who remained impassive, "there is a representative of Mauroy. Let him get out! There is someone who is leaking to the press: Let him get out!"

This little sample of intimidation, plus a few others, was aimed at those insolent comrades who, the day before, had been most critical in their remarks. Namely, Felix Damette (the only one who will be abstaining in the final voting), Alain Amicabile, Lucien Seve, former Minister Marcel Rigout, Marc Zamichei (an associate of Juquin) and Yvan Tricart, who had dared put Marchais in question...

This Time Will Be It

Fortunately, PRAVDA is revealing what L'HUMANITE is concealing from its readers, so to speak. "It is not certain," wrote the Soviet daily on Monday, "that the militants of a party as large as the PCF have all understood this decision (the decision to withdraw from the government), and it is possible that some may not be in agreement."

The editor-in-chief of L'HUMANITE, Claude Cabanes, criticized himself, publishing in his paper his own remarks to the Central Committee. Too bad! For, in substance, Cabanes made this astonishing comment: "Western civilization is dead; this world is doomed... If we actually had a mass influence, it would mean that we had ceased being revolutionaries. If we have a bad image, it is because we have remained ourselves."

The final--and ironic--commentary could be said to revert to this communist leader, who has been through it all: "The orientation chosen by the leadership is easily summarized: For 25 years, we have been wrong, about the socialists, about the joint platform; but now we are right." Which is like saying that one need only wait--be it 25 years--to see the light.

9399

CSO: 3519/65

DISSENSION OVER PCF CENTRAL COMMITTEE REPORT

Paris LE CANARD ENCHAINE in French 10 Oct 84 p 3

[Article by Claude Angeli: "Crime and Punishment in the PCF: A First Rebel in Marchais' Gunsight"]

[Text] This week, the Political Bureau of the PCF [French Communist Party] is to treat itself to a "rebel." Namely, the university professor Felix Damette, who dared to abstain from voting during the last Central Committee meeting. Reason: This insolent comrade had found Marchais' report to be wrong in every respect.

Thus, the Secretariat of the PCF (Marchais, Plissonier, Fiterman, Gremetz, Laurent, etc) has just decided to bring this comrade back into line. And hence to ask the Political Bureau to relieve him of his responsibilities. Damette (ex-European deputy, but who had not been represented by the PCF last June) has been specifically responsible for advancing the regionalization of and "supervising" the activities of his party in Corsica.

But Damette the maverick is undoubtedly not the only one in mind. In asking the other leaders that they dialectically settle his case, Marchais and his close collaborators hope that certain members of the Political Bureau (who are also dissenters) will dare to defend Damette. This is dear Georges's dream: To have Juquin or some of the other "renovators" come out of the woodwork and start a fight.

This would thus enable a definitive lowering of the boom on liquidation of, those Marchais and the majority of the Political Bureau are accusing of forming "an organized hit faction." A leadership that got only 11.2 percent of the vote in the European elections and that is looking for "hit-men" within its own midst: A case of the pot calling the kettle black.

But rebels there are elsewhere, and even though they may be in the minority they are nevertheless making too much noise. The recent meetings the top leaders have held with their party's federation committees have in fact generated quite a few waves.

In the 19th Arrondissement, where Paul Laurent is in charge, 12 out of 40 interventions were critical. At Bagnolet, Rene Le Guen was heckled and interrupted. Francette Lazard was also heckled. At Nanterre, Gaston Plissonnier showed anger: The chief of this communist fief and even Deputy Jacques Brunhes dared to disagree with him...

At Montpellier, Giselle Moreau drove away a number of the leaders present. At Montreuil, it was an old stager, Deputy Louis Odru, who went a bit far with a critical tirade. In Moselle, one of the principal departmental leaders hurled at Jean-Claude Gayssot, member of the Political Bureau: "If there were a Juquin 'faction' in the party, I'd be in it!" These comrades respect nothing anymore.

According to communists in the know, in some 15 departments, and not only in Seine-Saint-Denis and in Meurthe-et-Moselle (two fiefs of the "renovators"), the federation committees have, in their majority, refused to "ratify the Marchais report." And elsewhere, in many cases, although ratifying this sacred document, the departmental heads have requested the opening of a debate. As if it were in vogue.

The Worst Being With Us...

At L'HUMANITE, on 27 September, Francois Hilsum, deputy director, was assigned to spread the good word. Addressing his communist comrades, he came out with a few incredible statements to convey to his audience that the "line" of the top leaders was the best. Here's a small sampling of them:

"We are the bearers of a subversive message." And: "A breaking-away (from the countries of the East) would not rid us of a millstone (sic)." "This breaking-away brought the Spanish Communist Party down to 4 percent." And lastly: "The defeat of the Left enables us now to fully implement our strategy."

To hear this comrade, and condensing somewhat his thinking, everything is now clear: The worse things get, the better the PCF is going to operate.... No matter how original this dialectical view may be, it is not worthy of a place in a new history of Marxism. Or for that matter, in the chapter "La tendance Pif-le-Chien" [The Pif-le-Chien Trend].

9399

CSO: 3519/65

PROBLEMS WITH PROPORTIONAL, MIXED VOTING SYSTEMS REVIEWED

Paris LIBERATION in French 28 Sep 84 p 7

[Article by Eric Dupin: "Electoral Reform: Dangers of a Mixed System"]

[Text] The idea of electing a sizable number of deputies under a proportional representation system is gaining ground. The Socialists, however, are not all that keen about it. The instituting of a mixed voting system for the legislative elections is proving to be a real headache.

It is sometimes possible, by viewing the political scene through the "wrong" end of one's binoculars, to observe some very interesting things. Viewing the reform of the voting system in this manner, one sees a rapid restructuring taking place in the political arena and a hesitancy on the part of the players. Let's skip over the UDF's [French Democratic Union('s)] abrupt two-wheeled veer and sudden infatuation with the absolute-majority electoral system. It is the Socialists, first and foremost, for whom the question of a new electoral system for the 1986 legislative elections poses problems.

Francois Mitterrand has announced that this reform must be examined by Parliament in the spring of 1985. But the Socialists have still not clarified their views on an issue that is dividing them. Theoretically, it's all very simple. Candidate Mitterrand promised, in 1981, to institute proportional representation for the election of deputies. Actually, however, everything is shrouded in subtleties. Only a minority of Socialists, like Roger Fajardie and Jean-Pierre Cot, favor an all-out proportional system, the automatic result of which would be to greatly diminish the size of the PS's [Socialist Party('s)] representation in Parliament. Opposite them is a minority of leading Socialists, like Jean Poperen and certain members of the CERES [Center for [Socialist] Studies, Research and Education], who advocate the maintaining of the absolute-majority system of voting currently in effect. The vast majority of the rank and file leans toward adoption of a mixed system embodying both the absolute-majority and proportional-representation systems.

The entire issue boils down to the question of just how much proportional representation to inject into the electoral system. On 9 September, Lionel Jospin came out in favor of introducing a "relatively large component of

proportional representation." In fact, it no longer seems to be a question, as rumor had it before the European elections, of injecting a mere corrective dosage of proportional voting, concerning only some 100 or so deputies. Today, the prevailing rumor points to an election by the proportional system of one-third and possibly even half the members of the National Assembly. The leadership of the PS is in fact busying itself with preparing the terrain for a reform of this nature. It is significant, for example, that this executive refrained from exploiting the alliance that has been formed in Corsica between the RPR-UDF [Rally for the Republic-UDF] opposition and the National Front. The Socialist leaders are now endeavoring to defuse the criticism that portrays proportional voting as opening the doors of the National Assembly to the friends of Jean-Marie Le Pen. Another indication of the proportionalist thrust is the rallying of Jean-Pierre Chevenement to the mixed-voting system viewpoint.

This climate is disquieting to many Socialist deputies. Thus, on Wednesday, addressing his parliamentary group colleagues, Jacques Roger-Machart (Haute-Garonne) aligned himself with those among them who advocate maintaining a absolute-majority voting structure--for political reasons (polarizing effect) but also for more personal reasons. The choice of the proportional system would result in those in office losing the benefit of the bonus paid to outgoing members in the circumscription they have "tilled" over a period of 5 years. And above all, this system gives to the top executives of the parties, national as well as local, a determinant role in the designation of the party's candidates. Enough to stir misgivings in more than one Socialist deputy.

The Pitfalls of a Mixed-Voting System

These divergences of views will of course be dissolved by the grace of the presidential choice. However resolute a partisan of an all-out proportional system Pierre Joxe may be, it is Francois Mitterrand who, taking his time, will decide what the new electoral system will be. A reform in which the pitfalls will be numerous.

The first obstacle to the choice of a mixed system lies in its unavoidable complexity. The argument of the favorable reception accorded following the event, to the municipal electoral reform (semi-absolute-majority, semi-proportional-representation) will not deter the opposition from launching a campaign denouncing the weird nature of the new rules of the game. It has already decided to make of this problem a propaganda issue the impact of which it would be a mistake for the Left to underestimate in the wake of the reverses it has suffered on the "freedoms" front.

The Communist question also looms. Let us suppose two-thirds of the deputies are elected under the absolute-majority system (with two rounds of voting), and that one-third is elected by proportional-representation voting (on the basis of the first round). Taking into account its weakened position, the

PCF [French Communist Party] would be sending the vast majority of its deputies to the Assembly owing to the proportional voting. Hence, it would no longer have much interest in properly standing down for a second round which would serve principally to elect Socialist deputies.

There is still, as one PS leader acknowledges, "a little speck of sand" from the constitutional standpoint. The deputies elected by the proportional system must be elected on regional or national ballot listings. The hitch is that the constitution provides that deputies will participate in the election of the senators. Since the latter takes place at the departmental level, a serious problem of constitutional consistency arises. True, to surmount it, the exclusion of the candidates for deputy seats from the senatorial election balloting can be contemplated. But such a reform requires an organic law and consequently the approval of the Senate. Does that bring to mind something?

The last pitfall: The introduction of a large proportional-system quota would render an increase in the number of deputies practically inevitable. There is even talk of increasing it from 497 to 600! This would not go down very well during the current period of austerity. Maintaining the same number of deputies, on the other hand, would involve the elimination of many circumscriptions and a generalized gerrymandering. One can easily imagine the brouhaha this would create. Eliminating the circumscription of one of one's political friends would be traumatic. Every bit as much as eliminating that of one of one's adversaries...

The Strategic Background

Delving beyond this headache, one sees the proportionalist hypothesis going hand in hand with a strategic calculation that poses in new terms the question of the PS's alliances. No system can make a majority in the Assembly of a minority in the country. But Mitterrand knows that the proportional system, even though it is only partially so, can water down the victory of the opposition by giving rise on the parliamentary scene to a centrist Left and an extreme Right, thus adding fuel to the UDF-RPR couple's internal tensions. In the medium term, this scenario assumes a reinforcement of the PS (which would profit from the divisions among the Right) and its emergence as a "third force."

This is why the Socialists who are partial to a union of the Left are hostile to proportionalist views. They know that the majority dynamic lies in the direction of a PS-PCF alliance. What is certain is that the choice of any new electoral system will commit the Socialists to a profound revision of their alliances.

The Mitterrand-PS Contradiction

Lastly, this electoral reform provides an excellent illustration of the conflicts of interest that can pit the president of the Republic against the party from which he emerged. The PS has built itself up as a party at the

expense of the PCF by making use of the majority party as a springboard. On the other hand, proportional representation would relegate a party that now wields an electoral weight of between 20 and 25 percent to a much more modest role.

The president of the Republic, for his part, stands to gain a still greater control of the political game through this electoral system change. For, the introduction of the proportional-representation system into the present institutional framework is far more likely to enhance the presidency of the regime than to bring about a return to the 4th Republic. A divided Assembly would enlarge the president's area of maneuver. On the other hand, the head of state would have to manage a parliamentary majority which would no longer be automatic. With proportional representation, nothing is really simple. But Mitterrand adores the complicated.

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CSO: 3519/65

CHIRAC DISCUSSES PSF POLICIES, ELECTIONS, PCF LOSSES

Rome LA REPUBBLICA in Italian 12 Oct 84 p 11

/Interview with Jacques Chirac by Alberto Sacconiello: "Chirac says left is finished"/

Interview with Gaullist leader who pledges himself to oust President Mitterrand from Elysee Palace. High hopes were followed by disappointment and the French are turning to the right. "The socialists and the communists had promised everything: More jobs, higher wages, decline in the cost of living. None of these promises was kept. Nor could it have been. The Left was a disappointment because it proved to be incapable of running France well. The Italian Communist Party is very special. Like many things in Italy, it can be seductive." "We are for a state that tends to disappear where private initiative manifests itself with the characteristics of efficiency. Today, the presence of the state in the economic field is paralyzing."

Rome--So, Mr President, the love affair between the majority of the French and the Left seems to be finished. In a short span of less than three and a half years, hope has yielded to disappointment while enthusiasm has given way to bitterness. The passion that brought Mitterrand victory in the May 1981 presidential elections today looks like something faded, like the song "Dead Leaves" rendered by Yves Montand. The French are beginning to look more toward the Right or, if you will, toward the Center and its men: To you, to Barre, to Giscard d'Estaing. How do you explain such a rapid and spectacular turnabout?

/Answer/ True enough. There is a profound change. What came out in the by-elections and in the municipal elections you can also see in the public opinion surveys. You say that this is the end of a love affair. In reality, this was never spontaneous love but rather the fruit of an act of seduction. The Left had promised everything: More jobs, higher wages, shorter working hours, and a declining cost of living. None of these promises was kept. Nor, quite frankly, could it have been. There were very serious management mistakes. In short, the situation today

is that the election ratio between the opposition and the administration is 47 percent for the opposition and 43 percent for the administration. This is the most obvious sign of disappointment. It is rational, not emotional. Look at some statistics: Inflation remains on the average higher than among our neighbors, unemployment continues to spread, the domestic and foreign debts have reached dramatic levels or in any case considerable levels. In substance, the socialists and the communists turned out to be incapable of running France well.

Everybody Thinks So

My interview subject is Jacques Chirac who received me the moment he arrived from Paris in a suite in the Grand Hotel. He spent a little more than 24 hours in Rome, he held a lecture on Europe at the home of the Society for International Organization, he met with Andreotti, and he was received by President Pertini: he also saw various politicians.

What was the meaning of his visit? Was it a prelude to the election campaign in which he will certainly be the opposition candidate running against Mitterrand? That is possible. In any case, the mayor of Paris is already running although relatively slowly. He does not say so but everybody in France thinks so.

The undisputed leader of the RER [Rally for the Republic], 52 years old, a rival of Giscard in 1981 in the attempt to oppose Mitterrand, several times minister under Lepligou, Messmer, and Couve de Murville, prime minister between 1974 and 1976, Chirac is generally considered as the man who can get the Right back into Elysee Palace when Mitterrand's term runs out in 1987 but perhaps even before if the Left should suffer a shattering defeat in the coming legislative elections which would make it practically impossible for the current president of the republic to stay in office.

Question Mr President, in your opinion, is the tendency to promise too much, even that which one cannot possibly deliver, a characteristic of the French Left or the Left in general?

Answer I would say that the temptation to promise too much can be found in all political parties and everywhere. But, being more idealistic and more doctrinaire, the Left has a natural inclination toward promising more than the others. And that goes for all of the parties of the left.

Question Looking at things in France from the outside you get a rather odd impression: The Left in power is no longer defending its own ideas. Instead, it has even changed its language. It is as if it wanted to get the people to forget its tradition, its ideals, and not only its promises. In Italy we call this phenomenon transformism. I do not know whether one can say the same thing about the French socialists. What appears, at any rate, is an attempt to change the image. Is this so?

[Answer] This is so, for two reasons. The first one has to do with the need for adapting its language to a policy of rigor, which is the exact opposite of what the Left had promised. The second one is that the Left is realizing that it is losing and consequently tries, through new language, to attract a centrist part of the opposition.

[Question] Let us for a moment return to the initial question. You listed a series of causes for the decline of the Left. But what is the main cause?

[Answer] Well, I believe that the Left, for many French, represented a ray of hope. Today, on the other hand, it no longer embodies these hopes but rather the exact opposite. Here, in my opinion, is the main reason which summarizes all of the other reasons.

[Question] If I understand you correctly, the basic disappointment is emerging as regards the economy.

[Answer] Yes, but the Left has assets not even on the more general political level. In the beginning, it presented itself with sectarian, aggressive, and dominant characteristics. It was too sure of itself. Now, instead, it is using a more open, more tolerant language. But perhaps it is now too late.

[Question] You of course noticed that there is much talk nowadays in France but also in Italy and elsewhere about starting to dismantle the public sectors of the economy and revive private initiative. In summary, a kind of European deregulation following the lines of success of Reagan. Do you share that tendency?

[Answer] The program of the French opposition, as you know, calls for the limitation of the intervention of the state in all aspects of the country's life. We are in favor of a strong state. This is necessary for defense, for justice, and for security. But we are also for a state that tends to disappear where private initiative manifests itself with the characteristics of efficiency. In the economic field, the presence of the state is paralyzing today. Its gradual withdrawal, sector by sector, is a vital necessity. By the way, it is not by chance that very broad currents of French society are working in that direction.

Political Solitude

[Question] Are sectors of the Socialist Party also included in these currents?

[Answer] I would not say so. From that political quarter we have so far been getting only some rather vague signs. It certainly does not add up to a policy.

[Question] Let us get back to the atmosphere in France today. Some time ago I read about an incredible episode that happened at the Charles de Gaulle airport in Paris. The border police on that day decided to

biograph passports instead of looking at them only, perhaps to carry out a more detailed inspection at a certain occasion. From the ranks of the waiting French, there immediately rose a chorus: "Mitterrand Gulag, Mitterrand Gulag." Has it come to this?

[Answer] Certainly not. I am not familiar with the episode you mentioned. If it happened, it does not demonstrate a reality but rather a denunciation, a state of exasperation. In that sense and in only that sense can it be indicative.

[Question] I also read, this time in LE MONDE that the secretary-general of the Socialist Party, speaking several days ago in Valence, in the auditorium, complained that many French display more indulgence toward Chernenko than toward Mitterrand. I ask you once again: Has it come to this?

[Answer] Once again, I say to you in reply that it has not come to this. I do not know why Jospin resorted to an image of this kind. It is absurd. At least 90 percent of the French do know the difference between Chernenko and Mitterrand. And they are not prepared to accept such comparisons, not even if they are presented in an attempt to get out of this situation of political solitude which has quite different and more national reasons.

[Question] In the context of the decline of the Left, there is the dramatic defeat of the Communist Party in the European elections. Is this something temporary or is it irreversible?

[Answer] I think that we are facing a historical decline here which is inevitable. The communist parties--and this certainly applies to France in any case--no longer reflect the requirements of the modern world regarding the management of society in all of its aspects. The [French Communist Party] is losing consensus year after year and I think that, within a not very long period of time, it will wind up only with 5 percent of the votes. But this is a general thing which allows for only two exceptions. The first consists of the countries where the communists are in power but only by virtue of the fact that it is impossible to check the effective degree of consensus there. The second one is represented by the Italian Communist Party. But the latter is a communist party--how shall I say it?--which is very special. And, like many things in Italy, it can be seductive.

A Bunch of Candidates

[Question] You mean there is a communist party that is seductive?

[Answer] I do not want to make any judgments on your country but I must say that, if the PCI [Italian Communist Party] gets a large number of votes, that means that it is quite different from the PCF.

Question Let us talk about Europe. You talked about Europe in Rome and you commented on that topic many times. In summary, how do you hope to revive an idea that is finding it increasingly difficult to take shape?

Answer I would say in substance that it is necessary to move forward with vigor and realism so as to get the members of the Community closer together in all sectors where this is necessary and possible. The most urgent in my opinion is the defense sector. Here we have various ways of making substantial progress: A stepped-up military spending effort, development in the joint manufacture of modern weapons systems for our own defense, broadest possible extension of assigned responsibilities, within NATO, to the officers of the European countries, great increase in contacts between European countries on all problems having to do with defense, joint examination of crisis situations that could arise outside the zone covered by NATO but that could hit vital interests of the nations of Western Europe, and study of means suitable for coping with such situations. Naturally, there has to be consultation with the Americans on all of this.

Question I can see, Mr President, that you are not talking of another kind of consultation, for example, on the effects produced by the dollar exchange rate which is very seriously damaging the European economies. Or is France not suffering any damage?

Answer On the contrary, France is damaged much more than the others. But I think that the European countries cannot assume the position of accuser without realizing for example that America is spending sums of money for the defense of Europe which we refuse to spend. In other terms, one cannot pretend that America should reduce its budget deficit and at the same time avoid making an effort to help stabilize the dollar rate and to reduce interest rates. Confining oneself to condemning the United States and not doing anything to straighten things out is just too simple an approach.

Question Now a couple of specific questions on France. The Left is losing ground, the Center and the Right are organizing themselves for the coming presidential elections. But I can see a big bunch of possible candidates or at least hopefuls: You, Giscard, Barre, perhaps others. How do you all think you can win under these conditions?

Answer Our objective for the time being is to win the legislative elections. Then we will see further. But even if we should arrive at the presidential elections with two opposition candidates, every effort will be directed at defeating the candidate of the Left.

Question But it could happen that Mitterrand's term of office will be cut short by an opposition victory that will make it practically impossible for the current president to remain in office. In that case you would not have much time to settle your disputes.

[Answer] You know that the French Constitution provides that the president may dissolve the National Assembly--but not the other way around. I do not know what President Mitterrand would do in the situation which you are assuming. As for us, I repeat that, for the time being, the goal of the opposition is to regain a majority in the legislative elections. And I assure you that we will do everything to achieve that.

[Question] From everything you have told me, I must deduce that the opposition's election campaign will fundamentally be based on a single slogan: All of France's troubles are due to the left-wing administration. Does that not seem a little bit demagogic to you?

[Answer] Well, we will not confine ourselves to that. We will come out with our own proposals. But at the same time I assure you that all of France's troubles indeed are due from the exercise of power by the Left.

"Thus spake" Jacques Chirac, the most leonine of all of the possible lions of the French opposition. This is the language of a modern, aggressive and determined Right. It is above all the language of a Right which firmly believes that it has launched an irreversible process of liquidation of the Left.

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LETTERS TO EDITOR IN CP ORGAN ON PARTY DISPUTE CONTINUE

Socialist-Left Organ Traces Background

Oslo NY TID in Norwegian 20 Oct 84 p 17

[Article by Jan Otto Hauge]

[Text] The postwar existence of the Norwegian CP is an unbroken history of schism. The newspaper columns are again filled with factional conflict in this decimated party. A new bloodletting process is under way, but this time the conflict came as a surprise to many people. However a brief review of party history shows that it was just a matter of time before what we are seeing now happened.

It is not a new conflict that has now broken out between the "Knutsen wing" and the "Kleven wing." The two groups have obviously been lying in wait for each other for several years. Ironically, they represent only a faction of this minuscule party. The rest look on and feel that both Kleven and Knutsen are "a misfortune for a serious communist movement." (Today they have no members on the party's central and national committees but include many former prominent elected representatives, such as Georg Ovesen, Bjorn Gullachsen and Jon Bingen.)

Chilly 1950's

In reality the Norwegian CP has never recovered from the big split in 1949. The party was literally split with a meat ax and half the members--among them people like Ragnar Kalheim and Roald Halvorsen--were expelled. During the cold war period in the 1950's the party incapsulated itself and devoted itself to surviving--until the next internal conflict.

Thaw--and New Conflict

During the 1960's there was an international thaw and eventually we saw the peak period of Vietnam protests, the youth rebellion and increasing involvement in fighting issues that were also Norwegian CP issues. In the main the party met this challenge by engaging in new outbursts of internal conflict. Reidar T. Larsen had a firm grip on the party and had a showdown with the

party's "second center" in 1967. These were people like Jorgen Vogt, Ornulf Godager, Hans I. Kleven--the party's current chairman--Asmund Birkeland and others. Their big sin was "revisionism." Among other things they thought the Norwegian CP should have candidates running in areas where there was no chance of winning a seat anyway, in order to guarantee seats for the Labor Party. By and large these were intellectual communists. On the other side the "Chinese" and the "Russians" stood side by side and made trouble. Around that time the cultural revolution increasingly exaggerated the differences between China and the Soviet Union, which had an effect on the Norwegian CP.

Purge

The "Chinese," led by Esther Bergerud and Kjell Hovden--the former in charge of Norwegian CP book sales, the latter a prominent union representative working for Norgas--were purged in the next round. Reidar Larsen did not want the party to take a stand on the conflict between China and the Soviet Union, as the Maoists demanded. The party decreased in size, but after removing both "right-wing" and "left-wing" deviants, at least the party would have some peace to work in--or so they believed in the Norwegian CP.

And there was a kind of peace until the SV [Socialist-Left] party came together. The peace consisted of the fact that the Norwegian CP was nowhere near getting a seat in parliament and that its political influence was minimal. The elected officials of the Norwegian CP had a desperate need for more leeway. The party's many capable organization people were involved in working across party lines and Norwegian CP members were constantly occupied with uniting the left wing in a joint election alliance.

One Man's Loss, Another Man's Gain

Most readers of NY TID are probably familiar with the history of the election alliance. The communists who were willing to cooperate, including Martin Gunnar Knutsen and Arne Jorgensen, did not prevail. As time went by it turned out that blood was thicker than water for most of the remaining Norwegian CP members and the party chairman suffered a crushing defeat at the party congress in 1976. Arne Jorgensen, his close colleague for many years, turned his back on the chairman along with most leading cadres in the party.

And at that congress the "Kleven wing" saw its chance to turn up again. Through the election alliance they returned to active party work and gradually won leading positions. This was true for instance of Rolf Dahl, who via his union secretarial job in the Popular Movement and SV returned to the central committee of the Norwegian CP. The "Kleven faction" was welcomed with almost open arms by Martin Gunnar Knutsen and Arne Jorgensen. The reason for this was that Kleven and those who agreed with him had developed what they called a "defense of principle" for the existence of the Norwegian CP as a party. In order to go on participating in the Socialist Left, the Norwegian CP had to disband, as we know, and here old enemies joined forces to defend the communist party. The party became even smaller and between a quarter and a third of its members resigned and followed SV.

Outsmarted

A good English expression for what happened after that is that the Knutsen/Jorgensen wing was regularly "outsmarted." Kleven and his people demanded positions and paid for them by having a watertight relation to important party questions. For example it rightly caused a stir when Hans I. Kleven stood side by side with Knutsen/Jorgensen and defended the Soviet invasion of Afghanistan. Kleven--who has published works on the "national question" and has talked more than anyone else about the self-determination rights of people (and parties)--defended something that most West European communists regarded as an encroachment.

The election of Kleven as chairman was the next step, when Martin Gunnar Knutsen was replaced. But Knutsen/Jorgensen saw to it that they did not lose their grip. The party apparatus was theirs, minus Kleven, FRIHETEN was theirs and a majority of the national committee members were theirs. At the last party congress the balance of forces shifted but not enough to purge the Knutsen/Jorgensen wing. It proved impossible to reach agreement in the national committee--which elects the central committee and fills all party posts with the exception of the chairman and the party editor (who are elected by the party congress). An entire national committee meeting was spent on registering tie votes for all important elections and posts. No one wanted to back down and an organization committee for a new national committee meeting was appointed. The only real question about that meeting was whether elected committee members would be deposed. This was the case and Kleven reaped a victory with 18 to 17 votes.

In theory everything went according to party bylaws and regulations. Knutsen and Jorgensen, who have held the party in an iron grip for a number of years, were the victims of the same process that they had used so many times against other "party comrades."

It is only a question of time before Arne Jorgensen will have to resign as editor. He will undoubtedly invoke the editorial label and say that as editor he was gagged by the central committee. That would be a true statement from Arne Jorgensen. Even so--if anyone believes that what is going on in the Norwegian CP concerns freedom of speech--this would be quite wrong.

The last showdown included at least three elements. One was political, with most observers citing Hans I. Kleven as being somewhat more open to the trends of international development than Knutsen, for example. One was organizational, with those who are now taking over having deplorable results to show for themselves over a number of years. And last but not least there was a personal element--in which rivalry, personal squabbles and personality differences played a large part. To some extent many Norwegian communists can be compared with the elephant. They never forget the hand that struck them and they always remember to repay their opponents in kind.

CP Organ Reports News Conference

Oslo FRIHETEN in Norwegian 16 Oct 84 pp 11-12

[Article by Tore Fossgaard]

[Text] Press Release

This is the text of the press release that was presented at the beginning of the press conference on Monday and read aloud by party leader Hans I. Kleven before the journalists asked their questions.

Against the background of the persistent reports in the press concerning the situation in the Norwegian CP, the party's working committee found it necessary to call a press conference and issue a press statement.

Reports and interviews in various mass media organs have tried to give the impression that there is a "war," "revolt," etc. in the Norwegian CP. Harsh and insinuating accusations have been leveled against the party leadership and the party leader in particular of abuse of power and undemocratic conduct.

The working committee of the Norwegian CP does not want in any way to help dramatize the situation or to carry out an internal debate in the mass media. But we cannot refrain from reacting to attempts to influence public opinion with a totally false impression of the Norwegian CP, the party's policy and its democratic nature.

The Norwegian CP's 18th congress this spring made its political decisions almost unanimously. These documents are the basis for the party's activity in the period following a congress along with the party's program of principle. The congress also elected a national committee of 35 members. Each one of them enjoys the confidence of the congress. They have elected a central committee from their own ranks in a democratic way and in accord with the laws of the Norwegian CP.

The decisions that were made are binding and must be respected by everyone. Anything else would simply have a destructive effect on the entire party and paralyze its ability to work. It is very regrettable that some comrades have chosen not to follow this "basic rule" of every communist party and indeed of any organization.

The central committee of the Norwegian CP has decided that the debate in FRIHETEN on the reorganization should be moved to the party's internal membership paper. This debate has tended to disorganize the party and has produced very little that was new. At the same time the resolution called on comrades to step up the debate in the newspaper on party policy and is not an attempt to hinder a constructive and open debate.

Like other parties the Norwegian CP is experiencing, and will continue to do so in the future, objective disagreements and a difference in emphasis on various matters. This is quite natural. But what has come out in the discussion does not give any basis for talking about different wings in the party and conflict on the party's main line.

We cannot see that there is any political basis for the demand for an extraordinary Norwegian CP congress. Instead our task should be to unite the party's forces in implementing the political decisions made at the last party congress, including those pertaining to preparing for the next Storting election.

Strong Feelings

It was hard to provide seats for all the journalists who turned up at the Norwegian CP press conference Monday morning. As deputy leader Ingrid Negard so aptly said when she bid the journalists welcome on behalf of the working committee of the Norwegian CP:

"It is not exactly common for a press conference held by the party to attract so much attention. Let us hope that at the next crossroads we can expect as much interest when the party presents its opinions and programs."

Hans I. Kleven started the press conference by referring to the press release prepared by the party's working committee which gave the background for presenting the views of the party leadership to the press.

This press release appears above.

Hans I. Kleven represented the party leadership along with deputy leader Ingrid Negard and secretary Bjorn Naustvik. He referred to the impression that has been created of "war" and revolt in the party and the need the party leadership felt to take the drama out of the situation created by the headlines in the press.

Hanne Gamnes (DAGBLADET) fired the first shot at the party representatives:

"Is this statement you are presenting now a unanimous effort on the part of the working committee?"

"Yes, this is actually a press release that was approved yesterday as an objective account of the situation in the party."

Gamnes: "The question was whether it was approved unanimously?"

Kleven: "When it comes to principles there was unanimity on the part of the working committee."

Gamnes: "Then what was there disagreement about?"

Kleven: "The final specific wording was not discussed yesterday. We discussed the outline of the press release. The press release was prepared today when it was given its final form."

The press conference then moved into the espionage accusation against Martin Gunnar Knutsen.

Brox, AKERSHUS ARBEIDERBLAD: "With regard to Martin Gunnar Knutsen and the statements made by Age Fjeld at the national committee meeting, why didn't Kleven immediately repudiate these statements?"

Kleven: "In the first place, the newspaper reports were not correct with regard to Age Fjeld. He did not say that. What Age Fjeld said was something quite different and--although this was a closed national committee meeting and had something to do with the integrity of any part--I will refer to the statement the party approved at its central committee meeting on this precise issue, when we said that Age Fjeld's remarks--and this is a reference to the minutes of the national committee meeting--were taken up by the supervisory committee during the national committee meeting and Fjeld withdrew his ill-considered statements. In other words, during the debate at the national committee meeting on the 8th, national committee member Age Fjeld expressed himself in a way that produced strong reactions. The claim that master plumber Fjeld (to quote from the papers) accused former Norwegian CP chairman Martin Gunnar Knutsen of being a steady supplier of Norwegian military secrets to the Soviet Union, as alleged in AKERSHUS ARBEIDERBLAD on 12 September and in ARBEIDERBLADET and VERDENS GANG on 13 September, is a complete distortion. Age Fjeld's statement was taken up by the supervisory committee during the national committee meeting and Fjeld withdrew his ill-considered remarks from the speaker's platform of the national committee meeting.

"The national committee applauded that and considered itself finished with the matter. The central committee finds it very regrettable that national committee member Age Fjeld, who has been a member for many years, expressed himself in such a way as he did, a way that could be used against the party.

"And the central committee said further that no specific comrade was named and it is highly deplorable that this was interpreted and understood as if it referred to the party's former chairman, Martin Gunnar Knutsen."

Brox, AKERSHUS ARBEIDERBLAD: "If Fjeld made no remarks that could be regarded as insinuations against Martin Gunnar Knutsen--then why did Fjeld make a retraction?"

H. I. Kleven: "Martin Gunnar Knutsen's name was not even mentioned. No names at all were mentioned."

Naustvik: "It is obvious that there were strong feelings aroused at the meeting we held. In the discussion that took place Age Fjeld made various statements that were regarded as very unfortunate by the entire group. This was not at all what the press has tried to imply. It would also be a trifle

fantastic if the Norwegian CP started accusing its members of the kind of thing referred to by AKERSHUS ARBEIDERBLAD."

Bjorn Naustvik also stressed the point that after the discussion at the national committee meeting, it was felt that the matter was over and done with.

"There was also an immediate reaction from the chairman when Age Fjeld made his remarks. And we have a supervisory committee in our party that is supposed to react to such things and it did so during the meeting with the result that Age Fjeld withdrew his remarks and apologized for his behavior, which was accepted by the national committee meeting. At that point the Norwegian CP national committee was finished with the matter," said Naustvik, who added that it was quite fantastic that the press could present such a version of a matter that was certainly regrettable as far as the national committee was concerned but that did not concern the kind of espionage accusations that were reported by AKERSHUS ARBEIDERBLAD, among others.

"There was just as much reason at the national committee meeting to consider this as an accusation directed against myself," said Bjorn Naustvik, "for no names were mentioned and the remarks were made from a speaker's platform and were addressed to a group of 34 people. Age Fjeld was reprimanded and this was clearly dealt with at the meeting and the matter was put behind us," said Naustvik. "When this happened afterward, it was hard for us to move as definitely to counter a press that really should not have known anything about what happened at the internal meeting."

In her concluding commentary Ingrid Negard referred to how much this issue was blown up by segments of the press. One example was FINMARK DAGBLAD, which reported the matter as if Hans I. Kleven had accused Martin Gunnar Knutsen of being a spy. "What Age Fjeld said was a careless remark that he just tossed off and it is very regrettable that Martin Gunnar Knutsen interpreted it as if it were directed against himself," said Ingrid Negard.

Unaware of a Coup

After the marathon round on what happened or did not happen in connection with Fjeld's statements at the national committee meeting the press conference turned its attention to the number of votes cast in connection with the confirmation of the party's central committee.

Hanne Gamnes, DAGBLADET: "It is known that the national committee vote on the confirmation was split, 18 to 17 votes. What did that split involve? And another question: why isn't Arne Jorgensen present here today as a member of the working committee?"

Ingrid Negard: "I will start by answering the second question.

"We had a meeting of the working committee yesterday for the purpose of preparing for this press conference, among other things. Arne Jorgensen was there and the whole working committee found it both natural and desirable to

have Arne Jorgensen attend the press conference. Since he is not here, Arne Jorgensen himself must explain his reasons."

Hans I. Kleven then took up the first part of Gamnes' question and said that there were two models for the composition of the national committee.

"There was a majority recommendation based on a central committee made up around people from the Oslo area along with representatives from Bergen, Ostfold and Telemark. There was another model based on the principle of decentralization that would have included representatives from North Norway and other areas."

These models were voted on and the majority recommendation was approved by 20 votes to 15. After that there was a written ballot to elect the deputy leader and organizational secretary, which resulted in a vote of 18 to 17. Kleven stressed that the elections were conducted democratically and in accordance with the laws and practice of the party.

Hanne Gamnes, DAGBLAD: "But that is not what Martin Gunnar Knutsen was referring to when he talked about a coup in the party, was it?"

Hans I. Kleven: "Martin Gunnar Knutsen will have to answer that himself. I am not aware of any coup. What we have done is to conduct a voting process following a completely democratic procedure that adhered absolutely to the party bylaws and, as I said before, there were written ballots in connection with important votes."

Naustvik: "I would like to add, as the party leader said, this is nothing new for us. With regard to Martin Gunnar Knutsen, for example, he was once elected deputy leader of the party by a majority of only a single vote."

Oivind Brigg, VERDENS GANG: "Was Arne Jorgensen told he would be welcome as a participant at this press conference when you saw him yesterday?"

Ingrid Negard: "Yes, very much so. As I said, we felt it was very natural that he should attend both in the capacity of editor of FRIHETEN and as a member of the working committee."

"But he did not help write this press release?"

Negard: "He has seen the press release and I assume that he may have had some reservations. But again, Arne Jorgensen would have to answer that question himself."

ADRESSEAVISEN: "Was Arne Jorgensen happy at Thursday's meeting that he could quit filling the limited space in the paper with a continued debate on the organization decision?"

Bjorn Naustvik: "If you look at our decision a little more closely you will see that we had no problem with the amount of space in the paper. We said

that we wanted the internal debate on the central committee vote to continue in our membership paper, just like all other political parties. We want to stimulate the political debate in our columns, especially from the point of view of making FRIHETEN an interesting newspaper."

Hans I. Kleven: "I want to make it clear that the debate has not been stopped. It has just been moved to the party's membership paper."

The press conference then shifted to a more political level. AKERSHUS ARBEIDERBLAD wanted to know if the real differences were not the result of the differences between Eurocommunists and the Moscow variety.

Hans I. Kleven stated that the Norwegian CP cannot accept labels of the type suggested here and stressed that the Norwegian CP has its own line--both nationally and internationally--which is set forth in the party's program of principle. He had not noted any disagreement on that point in the current debate.

When asked if the Norwegian CP supports the Chinese communists, the party leader answered that the Norwegian CP does not support any particular communist parties:

"We support the world communist movement and we try to cooperate with everyone. We have received an invitation from the Chinese CP to send a study delegation there--which we reacted to positively on the basis of this principle. As far as that goes we should cooperate with the communist party in Albania, but that is impossible because the Albanians have locked themselves up.

"But that does not mean," said Kleven, "that we agree with the parties we are in touch with on all controversial issues. At times there can be major disagreements," emphasized Kleven, who referred among other things to the necessity of keeping channels open. Kleven referred among other things to his talks with the Vietnamese communists, who have also talked about the necessity of keeping channels open.

Bjorn Naustvik pointed out that the question of the delegation to China had also been dealt with by the old central committee and there was agreement at that time too that the invitation should be accepted, according to Naustvik.

When asked if the party leadership shared Arne Jorgensen's opinion with regard to using the phrase "Soviet advisory forces in Afghanistan," Kleven answered by referring to the resolutions the party has made on this question, in which the party has indicated the necessity for a political solution.

Bjorn Naustvik added that the question of China is not the subject of any political conflict in the Norwegian CP.

"We would like to take up the discussion of this matter in the party and in FRIHETEN, taking into consideration the study delegation, which we assume will discuss the issues with the Chinese comrades, so that we will have a solid basis for further party discussions about this," said Naustvik.

"Just because we visit China does not mean there is any change in our international political viewpoint and line," Kleven stressed. "We are not afraid of being 'infected,'" he said.

Hunt for Political Disagreement

In the hunt for more disagreements in the ranks, the press conference also touched on relations with NKU [Norwegian Communist Youth].

Bjorn Naustvik pointed out that it is quite common for parties to have minor controversies with their youth organizations and he said it is clear that the party has passed resolutions that were not approved by NKU.

"But this is by no means so dramatic that we cannot discuss things and influence each other," he said.

He pointed out that the party and NKU have passed different resolutions on Afghanistan and that there are also other divergent viewpoints, but these things can be discussed and the debate in FRIHETEN in particular shows that there is elbow room in the Norwegian CP.

Eva Bratholm (DAGSREVIEN) asked if Hans I. Kleven recognized Arne Jorgensen's description in a FRIHETEN article of conditions in the party resembling a "boiling kettle."

"That is an exaggeration. I certainly did not recognize that version," said Kleven, who said he felt despondent and bitter over the fact that someone would add fuel to such an idea.

"But who is adding the fuel?" asked Bratholm.

"That is something Arne Jorgensen himself will have to answer," said Kleven, who deplored the fact that such incorrect impressions have been disseminated.

Naustvik referred in this context to a meeting he had attended in Oppland County, where there had been sharp reactions to the exaggeration of the party's situation in the press.

"You people in Oslo had better stop running to the press, was the main theme from that meeting," said Naustvik, who added that there is now a strong desire on the part of local organizations and the grass roots of the party to get started on the practical work of implementing the decisions made at the congress.

To date only 6 of the party's roughly 110 local groups have asked for an extraordinary congress, in addition to two county groups, the party leadership disclosed.

"This of course must be discussed and considered carefully at our next national committee meeting which will take place in January," Kleven said.

"Are you afraid there will be more resignations from the party?" the reporter from KLASSEKAMPEN asked.

Ingrid Negard: "We have had situations before where resolutions and elections depended on small margins. In the situation we have now--since this time there was no disagreement on the main political line--I do not think this will happen," said Negard, who pointed to the fine start enjoyed by this year's economic campaign. When asked what was meant by the word "disorganization," which was used in the party's press release, she said: "It is also clear that the grassroots membership feels uneasy and this could affect their desire to participate in activities. The disorganizing effect could create the right conditions, whether deliberately or not, for a membership split," she said.

With respect to the basic reasons for the situation the party has landed in after the national committee meeting, Kleven said no political reasons could be observed.

"The most important aspect underlying this deplorable situation is that some comrades are dissatisfied with the election that was held.

"Therefore we must put a stop to this for the sake of our work, as well as for other reasons," said Kleven, who was backed up by Ingrid Negard:

"I have been asked many questions recently. And they suggest that since we are such a small party, we ought to be concentrating on other things besides tearing each other apart internally. And that is clear. We have an ambitious working program, we have a Storting election coming up next year, we have many things to work on," she said.

Letters Continue, Denounce 'Ban'

Oslo FRIHETEN in Norwegian 18 Oct 84 p 12

[Letters to the Editor by Gudmund Dahl, Bjorn M. Bostad and the Namsos branch of the Norwegian CP]

[Text] Gudmund Dahl Questions Kleven's Assertions

For once the leader of the Norwegian CP found it appropriate to address himself to the public by calling a press conference on Monday, 17 October.

Here he rebuked the press representatives who attended for writing about internal Norwegian CP matters. The implication was that if Hans I. Kleven, against all expectations, should gain some influence over Norway, he would see to it that the press does not concern itself with that kind of thing. He could not have done any better, that is if his goal was to confirm the ideas of our opponents that communists are antidemocratic.

No, for the time being comrade Kleven will have to be content with his decrees aimed at muzzling FRIHETEN. Let us hope he does not succeed with that either, or at least that he will hear from the union organizations that are supposed to protect the rights of communist press people.

For once a lot of journalists came out to listen to what the Norwegian CP leader has to say. We can certainly agree that their motive did not concern the welfare of the party. But what were Kleven's motives? Why did he say there are no political differences in the Norwegian CP, when all Norway knows this is not true? Does the party leader think he can get the nonsocialist and Social Democratic press, radio and TV to go along with his attempt to play down the unrest in the ranks and help Kleven sweep the problems under the rug and douse the coals that are glowing under the feet of most of the members of the central committee?

If that is what he believed, he was quite wrong. That is shown by the reports in various newspapers and on radio and TV. With unbelieving and mocking undertones the reporters told the Norwegian people that the leader of the Norwegian CP actually wanted us to believe that only a few comrades are dissatisfied with the central committee election.

With the notorious press conference the party leader has managed to harm both himself and the party much more than a continued free and open debate on the elections at the national committee meeting and the political dividing lines in the leadership would ever have done.

In conclusion, Hans I. Kleven said that he is unaware of any serious political differences in the party and in the party leadership. Was that also the case when he and his colleagues systematically and deliberately made up the minority when decisions had to be made by the old central committee?

Bjorn M. Bostad Advises Holding Extraordinary Congress

As a paid subscriber to the newspaper with no party affiliation with the Norwegian CP, I assume that the "ban" imposed by the central committee on members' continuing the party conflict in the columns of FRIHETEN does not apply to me. Let me say at the same time that I am close enough to the party that as an independent socialist I represent a joint list--the Left-Socialist Election Alliance of independent socialists and the Norwegian CP--in the Narvik municipal council.

Then why did I take up my pen to add inflammable material to the flames when some people claim that there are only embers left and that the fire will soon go out by itself? No, the Norwegian CP is in flames at this time and unless everyone discovers this in time, there will be only ashes left. Wake up and start putting the fire out!

Kleven, what did you mean when you said at Monday's press conference that political divisions are not the reason for the party conflict? Why do you try to hide the facts in this way? Large segments of the grass roots react when

you say that kind of thing. What is now happening is that some district Norwegian CP groups are trying to tell you and the central committee some basic truths about what is going on and has already gone on. What do you as chairman do when party colleagues start accusing each other of being spies for another country? Yes, what did you actually do? A party leader cannot exhibit this kind of weakness! You must straighten this out properly.

Kleven, listen to the signals that are coming from one section of the country after another before it is too late, before you have blown the party apart! Stop sitting on the lid of the boiler. Let things boil over before the boiler bursts. What you call the national committee minority (17 votes to 18) might turn out to be a majority when you take into account the imbalance that already influences the picture with the representation from the national congress to the national committee. No one has ever been able to suppress a majority in a democratic body. What is happening now is something more than a minority's disappointment over an election outcome!

Some people will probably take this letter less seriously and will play it down when I admit that I am related to one of the sharpest critics of the present party leadership. I warn you against dismissing it so lightly. My involvement is genuine and private, as befits an independent, thinking individual.

What led me to react this way? It was a tragicomic feature in Monday's DAGS-REVVY from a press conference that should never have been held. That along with the unnecessary development the whole thing has had.

My proposal is that you listen to the district CP groups and hold another congress--swallow the bitter pill at once--do away with personal differences and help work for what is important today: the struggle to restore the welfare state.

And to the party leadership: If you stand for what the majority of party members believe in, why are you so afraid to hold an extraordinary national congress?

Namsos Group Urges New Congress

The Namsos branch of the Norwegian CP had the appointment of the central committee and the election of the deputy leader and organizational secretary on its agenda.

We would like to say the following:

The elections of the central party leadership have led to great unrest. The situation is having a paralyzing effect on political work in the Norwegian CP. We demand that an extraordinary congress be held as soon as possible.

We want the extraordinary congress to discuss the Norwegian CP's relationship to proletarian internationalism and the Norwegian CP and unity efforts in Norway.

We also want the extraordinary congress to amend the party bylaws so that all elective positions in the party leadership are voted on by the congress.

The extraordinary congress should also approve a fair distribution of the composition of the national committee so that it provides fair district representation.

It was voted to send the resolution to the national committee and to submit it for publication in FRIHETEN.

6578

CSO: 3639/25

CONTINUED DETERIORATION OF RELATIONS WITH ANGOLA

ANGOP Attacks Soares Statement

Lisbon DIARIO DE NOTICIAS in Portuguese 20 Oct 84 p 1

/Text/ Despite diplomatic efforts to reverse the situation, which led officials to announce a meeting "intended to discuss all controversial points," relations between Portugal and Angola continue to deteriorate. Thus, the Angolan News Agency (ANGOP) yesterday distributed an editorial in which it criticized recent statements by the Portuguese prime minister which it considers "a gross interference in Angolan internal affairs."

The agency referred to statements by Mario Soares to businessmen who accompanied him to Mozambique according to which "what is happening" in the wake of the agreements between Maputo and Pretoria might "influence Angola toward realism and not a great leap forward toward ideology and sectarian orthodoxy."

The ANGOP editorial entitled, "Gross and Inadmissible Interference," considers Soares' statement "another example of absolute lack of respect for the Angolan organs of sovereignty" and "another arrogant and hostile attitude by the Lisbon authorities."

According to the agency, "what displeases certain countries such as Mario Soares' Portugal today is the consistency with which we seek to solve the current issues of Southern Africa." Then it adds, "That displeasure is even strange" at a time when Luanda has repeated that "it is actually ready to negotiate the solution of the problems of its region."

The climate of understanding between Portugal and Angola "will obviously continue to be jeopardized as long as the present Lisbon Government persists in the lack of respect and impertinence that it displays in attempting to determine the supposed realistic course that our people should be forced to pursue, as if we still lived in the fifties or the sixties."

In the meantime, in the Portuguese capital, the Mozambican foreign minister declared that the Maputo Government "remains determined to grant amnesty to the members of the National Resistance of Mozambique (RENAMO) who lay down their arms and surrender but it will not negotiate with armed bandits."

Meanwhile, a few hours after Joaquim Chissano's statements in Lisbon, the delegations of Mozambique and South Africa, meeting in Pretoria, announced in a joint communique that they expect to meet shortly with representatives of RENAMO.

Attack Regretted

Lisbon DIARIO DE NOTICIAS in Portuguese 21 Oct 84 p 8

/Editorial article: "The Leap Forward"/

/Text/ If the attack unleashed against the Portuguese prime minister by ANGOP--the official news agency that controls all the news that enters or leaves the country and consequently reflect the viewpoints and positions of the Luanda authorities--may cause some wonder by its violence, it should not surprise any careful observer of the Angolan situation. It is not hard to admit that Mario Soares may have gone too far in the statements he made to the businessmen who accompanied him to Mozambique. In fact, in expressing the opinion about the lack of realism of a possible "leap forward toward ideology and sectarian orthodoxy," the prime minister implicitly formulated a not very diplomatic judgment regarding the actions of the Luanda authorities. But it is manifestly excessive to term his words a "gross and inadmissible interference" in the internal affairs of Angola and "an arrogant and hostile attitude by the Lisbon authorities."

How can one explain that attitude? The continuous erosion of Portuguese-Angolan relations is evident despite the persistent efforts that the successive Portuguese governments have been making to clear and consolidate them. Erosion--why? and for how long? The Angolan authorities argue, and this is their main point, as long as Lisbon continued to furnish support to the National Union for the Total Independence of Angola (UNITA). What support? In the first place, freedom of movement for members of that organization; then, permitting the media to foster, what they term, a campaign of defamation against Angola. They also talk about parallel and contradictory diplomatic actions, sundry unfriendly acts, and lack of interest in cooperation. Perhaps there may be some reasons to assume responsibility for such accusations, to a certain degree.

The Angolan authorities do not understand that that is the way things are in Portugal, and not some other way. They do not understand or they pretend not to understand. We say pretend because in identical circumstances, they are really much more understanding or less uncomplimentary toward the French, Spanish or British newspapers or television. Except that the latter probably did not promise them what, for political, constitutional or legal reasons, they cannot give. The reporting about UNITA is a case in point in this regard. As we know, Luanda considered it a double offense: an offense because of the reportage per se, and an offense because of noncompliance with the guarantee that it would not be transmitted. Would it not be much more useful if the Portuguese authorities were to have a firm and clear position on that and other issues that poison the bilateral relations?

However, there are other causes, other reasons, for the deterioration of Portuguese-Angolan relations--if in fact they were ever even reasonable. Those reasons lie, above all, in the Angolan internal situation itself. The Soviet-Cuban "internationalist solidarity" is in danger of failing--not on the economic level, where it never had any impact, but on the military level--UNITA has grown and plays a strong hand in unofficial contacts with representatives of the Popular Movement for the Liberation of Angola (MPLA), the economy is shattered, popular dissatisfaction and the danger of a political and social breakdown is increasing. It was certainly not by chance that Angolan President Jose Eduardo dos Santos strove so diligently with modest success during his visits to Paris and Madrid, and is now turning unmistakably toward Washington.

The Angolan Government is obviously in a troublesome position even to try the "leap forward" to which Soares referred. It does not seem very fair that Portugal should "pay the bill" for the difficulties which the MPLA is facing. It is important for independent countries that their relations be conducted with pragmatism, mutual respect for the respective sovereignties, apart from the regimes or the internal problems of each. Considering the bonds that link us--and the interests of the peoples and the states should always be placed above the transitory interests of parties or governments--the current bad relations serve neither Angola nor Portugal. It is essential to exert the necessary effort to improve them. However, never at the cost of threats or illegitimate pressures such as those not infrequently employed by the Luanda authorities.

Mozambican Mediation Offer

Lisbon DIARIO DE NOTICIAS in Portuguese 21 Oct 84 p 4

/Excerpt/ Foreign Minister Joaquim Chissano declared in Maputo yesterday that Mozambique is prepared to serve as mediator in the relations between Portugal and Angola.

The minister, who was returning to the Mozambican capital after visits to Lisbon and New York, said, however, that while in Portugal he had not discussed anything connected with Portuguese-Angolan relations. "We were never contacted in that regard but we would be prepared to seek a rapprochement in relations between the two countries," commented Chissano, according to a Portuguese News (NP) dispatch.

Regarding this meeting with Jaime Gama Chissano declared that Portugal had reiterated that the Lisbon government has nothing to do with Portuguese citizens involved in conspiratorial actions against the People's Republic of Mozambique.

8711

CSO: 3542/29

MDP-CDE STATEMENT DENOUNCED BY COMMUNIST PARTY

MDP Clarification

Lisbon DIARIO DE NOTICIAS in Portuguese 22 Oct 84 p 5

/Text/ Deputy Joao Corregedor da Fonseca of the Portuguese Democratic Movement/Democratic Electoral Commission (MDP/CDE) told the Portuguese News agency (NP) that the statement presented in parliament by his party "should not be understood as the readiness of the MDP to collaborate with the government.

"That--never," he emphasized, adding that "what the MDP believes is that it is ever more necessary to have a dialog with the government, without that suggesting a readiness to collaborate with it."

Corregedor da Fonseca declared also that the communique of the political committee released Friday "does not reveal any hostility by the Portuguese Communist Party (PCP) toward the MDP-CDE.

"The PCP communique will be analyzed at the meeting of the secretariat of the MDP political committee on Monday, at which time the party's reaction will be announced," he concluded.

The PCP political committee reaffirmed the impossibility of dialog with the government of Mario Soares and "energetically rejected" the "accusation that its activity is characterized by a merely negative position."

With regard to the statement of the MDP, expressing its readiness to begin a dialog with the government "in an attempt to seek new solutions," the Communist Party political committee accused the prime minister of having taken advantage of the opportunity to attack the other opposition elements."

Pointing out that the MDP proposal "gives the government the opportunity and pretext to try to buckle on a dialoging mask and thus counteract its increasing isolation," the communique states that the PCP "has insistently presented the major guidelines of an alternative policy and the necessary measures for its implementation."

MDP Dilemma

Lisbon DIARIO DE NOTICIAS in Portuguese 21 Oct 84 p 6

/Editorial article: "Between Two Fires"/

/Text/ It is not the first time that disharmony has been manifested between the two partners of the United People's Alliance (APU). It reveals itself from time to time in the Assembly of the Republic, as a rule on minor questions that do not jeopardize the basic doctrinary principles shared by the two parties, and it frequently arises during election campaigns, especially for local governments, in the form of timid complaints by the MDP/CDE against the hegemonic tendency of the PCP in the preparation of lists of candidates, for example. Rarely, however, are such differences assumed official or even revealed to the public, as is happening this time. Usually, everything is resolved internally because the "marriage" is one of convenience and it is important to prevent rumors of disagreements from circulating.

For that reason, the case that has now arisen inspires some wonderment, although a development susceptible of breaking the traditional PCP/MDP/CDE "understanding" is not anticipated. In proposing in the Assembly of the Republic "a dialog with the government in an attempt to seek new solutions to the country's problems," the MDP expressed a noble but rare concern among Portuguese parties: that of putting the oft-invoked national interest above their specific interests. Because it is rare, such concern may appear suspect, but the fact is that, calculating gains and losses, perhaps the former would bring it more dividends if by chance the MDP succeeded in establishing itself as a partner in dialogue with the government without losing face, because this situation would enable it to attenuate the image of a party that is inexorably tied to and dependent on the majority party of the alliance in which it participates. The apparent determination with which it rose to declare an autonomous position, implicitly rejecting a handed-down policy or a more or less uncritical, follow-along posture, is what does arouse some surprise, particularly when combined with the untimely reaction of the PCP political committee.

In fact, in declaring that "the MDP proposal gives the government the opportunity to put on a dialoging mask and thus counteract its increasing isolation," the communists are directly and publicly criticizing the party of Tengarrinha, an attitude that, if not strictly unprecedented, is at least exceptional. Under these circumstances, one would have to stretch interpretive Machiavellianism too much to deduce that all of this is nothing more than another tactical maneuver a la Soeiro Pereira Gomes, even if the communists might eventually benefit in another phase from the "dialoging mask" to which they now refer.

In the first place, the comments of the political committee of the PCP manifest precisely the fear of a "growing isolation" at the left of the "central bloc," in the systematic opposition to the government whatever might be its hue, as long as it does not participate in it. That is the traditional practice of the communists and they have already proved that they are not willing to change it. But the leadership of the PCP also shows that it exploits well its situation as the overwhelming majority party in the APU--not being averse to exceeding

the bounds of deference that is supposedly due to allies. Basically, its conduct in this case shows that when the occasion arises, it does not hesitate to demonstrate a concept of alliance that is confused with simple obedience to the stronger.

How will the MDP react when early this week it will decide how to implement the dialog which it proposed and Mario Soares accepted? If it is exceedingly demanding in the conditions it stipulates, it will run the risk of having ascribed to it the purpose of merely generating a political diversionary maneuver or once again "playing the game" of the PCP; if it reveals itself to be too yielding, it becomes subject to having the communists once again, and perhaps more maliciously, make it feel that it is showing signs of collaborationism. It seems as though its goodwill proposal has placed it between two fires.

8711

CSO: 3542/29

POLICY VIEWS OF NEW SOCIALIST YOUTH LEADER JAVIER DE PAZ

Madrid DIARIO 16 in Spanish 4 Oct 84 p 5

[Interview with Javier de Paz, secretary general of Socialist Youth [JS], by Francisco Frechoso: "I hope the Socialist Workers' Party of Spain [PSOE] and the Government Define Themselves Against NATO;" date not given]

[Text] The new leader of PSOE youth does not have any qualms about asking the government "to be more aggressive in its fight for peace and against youth unemployment." Javier de Paz also hopes that the executive branch and the party "will define themselves clearly in favor of the departure of Spain from NATO," in the same way that the organization over which he presides is planning to do the moment the referendum is called.

Javier de Paz is convinced that "youth has stopped being the vanguard of society toward progress which it was in the past decades." And he believes that this identity crisis of youth has affected the organization of which he is secretary general because "JS has a small membership relative to the number of socialist youth in the country."

One of his main objectives is "to obtain a broader constituency so that our opinions are taken into account."

His opinions make even socialists uncomfortable when they refer to, for example, youth unemployment or NATO, because they go against those held by the majority of the party and the government itself.

It must be shocking for the cabinet presided over by Felipe Gonzalez to be told by a 26-year-old man that they have to be "more aggressive" in the defense of unemployed youth and in the fight for peace.

Unemployment Is Unbearable

Javier de Paz says that, in his opinion, "a rate of nearly 1 million of unemployed youth is unbearable. I know it is difficult to solve this problem and that it is more important to restructure the Spanish economy to achieve a recovery, but measures of a social nature should be taken to generate employment."

The same happens in the fight for peace, a task "in which the government is not as aggressive as it should be. We believe it is necessary to adopt a position clearly contrary to the military blocs, a clear-cut stand regarding Spain's departure from NATO."

The new secretary general of JS is confident that there is going to be progress in the commitment to peace. "I do not know which is going to be the party's final position, but I hope it is a resolution in favor of the departure of Spain from the Atlantic Alliance."

Referendum Campaign

However, he believes that "it is perfectly possible that, in the referendum on NATO, the different socialist sectors may carry out different campaigns. In this society, there are distinct sensibilities which can be found in the different socialist organizations. Therefore, I do not think that it is a serious matter to have conflicting positions on this issue."

Javier de Paz does not want, in spite of everything, to give the impression of a JS totally effaced from the government's administration. "Our overall appraisal is that we should support the government because it has carried out a positive task in general terms, even in the area of youth."

Youth unemployment and the fight for peace are not the only fronts where JS is going to fight its battles. Juvenile delinquency, drugs, military services, and conscientious objection are many other issues for which Javier de Paz has his particular beliefs.

PHOTO CAPTION [Photo not reproduced]

The Embrace of the Teacher. In spite of his youth, Javier de Paz has many years of experience fighting for the construction trade union of the Spanish Workers' General Union (UGT). It is not a coincidence, then, that union leader Nicolas Redondo, at the conclusion of the congress that elected De Paz as the new secretary general, shows his pleasure at this nomination by giving a congratulating embrace to the disciple who accepted such a position of great responsibility.

12501

CSO: 3548/13

ANOMALIES BETWEEN SOCIALIST YOUTH THEORY, PSOE PRACTICES

Madrid ABC in Spanish 7 Oct 84 p 15

[Text] In the middle of the political problems and the economic agreements which have dominated the week that just ended, the special congress of Socialist Youth [JS], which has elected Javier de Paz as new secretary, has gone unnoticed. JS has agreed, besides, to keep their identity as a Marxist organization. "JS has to divide as a youth movement embracing Marxism as the method for the analysis of reality." It has decided, in addition, to demonstrate against the integration of Spain into NATO and to criticize harshly the government's economic policy. All of this, coupled with the fact that Mr Paz belongs to the so-called "Guerra men," leads newspaper circles to refer to a famous novel by Tolstoi to summarize in two words what happened in this congress of the JS.

How do you reconcile this ideological definition and this international and economic line of action with the government's principles? It seems difficult, not to say impossible, to find a common denominator between what the young socialists approved and the ideology and policies of the government, which is supported by the official machinery of the Socialist Workers' Party of Spain. Even though in the Marxist language of the JS there is a lot of orthodox rhetoric for internal consumption only (intended to prevent disenchantment in the rank and file), it is not a trivial coincidence that the attacks on Miguel Boyer and NATO occur at a moment when, within the government itself, dignitaries are trying to replace the minister of economics and to freeze in its present status the relationship of our country to the military commitment of the West. And it is not a coincidence either that it was Nicolas Redondo himself, the leader of the government trade union, who gave the closing speech of this peculiar youth congress 2 months before the beginning of the coming 30th Congress of the Socialist Party, in which he will play a predominant role.

The JS, UGT [Spanish Workers' General Union], and Izquierda Socialista [Socialist Left] are the three battering rams which that sector of the government formed by PRI [Mexico's Institutional Revolutionary Party] followers uses against the maximum exponents of a modern socialism, far removed from Mexicanizing practices. Those sectors act as an iron belt trying to shortcircuit the close relationship maintained so far between the economic team and the

president of the administration. Pressure from below complements the pressure from the top that others are applying within the Council of Ministers. Rhetorical faithfulness to ideological origins serves as a tranquillizer for guilty consciences and as a stimulus to the cravings of the new class installed in power by the PSOE.

In order to understand these internal fights of the government, it is necessary to remember that the PSOE is a party which, in fact, hardly existed in 1970 (2 years before Franco's death it only numbered 500 militants), and which was created in a hurry during the political transition--initiated in 1969--in the same way that years later the Democratic Center Union was to be established. The artificial unity based on the conquest of power collapses the moment the maintenance of that power is no longer secure. It is precisely the objective of keeping in power which generates the present offensive against those responsible for the economic policies, taking for granted that it will have an insurmountable electoral cost. In this drama, which has as protagonist a "syndicate of interests" against the policy that may displace them from power, one has to place this new version of "War and Peace" which the JS is.

12501

CSO: 3548/13

AP'S VERSTRYNGE RAPS PSOE PERFORMANCE, PROSPECTS

Madrid DIARIO 16 in Spanish 30 Oct 84 p 3

[Article by Jorge Verstrynge: "Where Is the PSOE Going?"]

[Text] One of the top leaders of the Right analyzes here the fruits of these 2 years of socialist government. His opinion, which is negative as was to be expected, combines a denunciation of what has already been done and uncertainty about what may still do.

In this month of October, most of us Spanish citizens are again asking ourselves the important question as to whether we are better off or are living better than we were 2 years ago. This is a question of the greatest importance and one which is, of course, above demagogy, half-truths or official interpretations of the government or the Socialist Party.

One of the important subjects with which this analysis must deal is that regarding the economy and employment. It is to these areas that the Socialist Party has assigned its best men. The deficiency lies in the criteria that are being applied. We shall be told that the socialist government has brought down the rate of inflation, but what they do not tell us is that that rate has dropped to an international level in most of the countries of Europe and, what is more, that our rate continues to be twice or more as high as the one prevailing in the case of most of our future associates in the Common Market. What we should be told is that during these 2 years the industrial production rate has declined and that the anticipated objective for economic growth has not been achieved. We should be told that our deficit, domestic and foreign, is extremely high and that it weighs our economy down like a millstone. No one can seriously say that our economy is on the mend when there is unbridled public expenditure, an oppressive fiscal policy and social security figures that would suffocate any economic system. It cannot be hinted that we are already coming out of the crisis because the ANE has been signed. What is preventing us from getting off the ground economically in Spain today is a lack of confidence. Without confidence there is no investment opportunity and no one invests. The fact is that the socialists have neither protected nor encouraged economy and the small businessman, who is the one that can actually create jobs.

With regard to the work problem, the shutdowns, the situation is disastrous. The socialist government was to have created 400,000 new jobs and the truth is that there are now 600,000 fewer jobs than before. That is to say, with the socialists we have gone beyond the dangerous rate of 20 percent unemployment in the workforce with a figure that involves 2,700,000 individuals, more than half of whom, unfortunately, are young people who have been unable to get their first jobs. It has been shown that the socialist government is incapable of creating employment, that it has failed completely and that after prolonged refusal to deal with obvious needs, it has had to accept the idea of temporary work contracts and to adopt a new attitude with which to face the need to restructure the business enterprises.

A second topic of importance in analyzing the performance of this government is what it has been able to accomplish with regard to the security of its citizens. This is one of the basic desires of the people and is an indispensable condition for the operation and security of our democratic institutions and our freedoms. Well then, according to what has been revealed by the state's attorney general, our situation grows worse as the days go by. The level of insecurity rose in 1983 at a rate unknown in any other year. And it continues to rise in 1984. Here is another total failure of the socialist government, as is the method employed by the Ministries of the Interior and Health in dealing with the drug problem. Drug use, which is closely linked to the crime rate, is a major cause of the insecurity of our citizens, beside the fact that it means personal and moral ruin.

In the matter of the antiterrorist struggle, the socialist government has gained some of its objectives, but it is mistaken in attempting to negotiate with ETA and totally mistaken about the GRAPO [First of October Armed Revolutionary Group], whose members it has been unable to control effectively. In spite of the extraditions, the outlook continues to be a grave cause for concern.

Another fundamental question in assessing the activity of any government is that involving its foreign and defense policies. Everyone is familiar with all the slipshod, demagogic acts of stupidity that the PSOE [Spanish Socialist Workers Party] committed in this area when it was the party of the opposition. When the moment of truth arrived and it came down to running the government, the party awoke to reality, in which there is no room for utopian postures or inhibitions. Such methods of approach may be adopted, but their cost is very high. But the assertions and promises made in the past on such matters as the NATO question have taken them up a blind alley. Does anyone know what is going to happen in this matter? Is there going to be a referendum as they are still saying? How is this going to come about? What is the government going to do? The spectacle that it is presenting in its handling of this problem which is so important and so directly affects our national defense is lamentable. And the president of the government himself, who bears the major responsibility, cannot avoid appearing in this lamentable scene. Now, in addition, as president of the government, Felipe Gonzalez wants the opposition to solve for the president a problem that was created by the secretary general of

the PSOE: the opposition acting in the service of a government to solve a problem that had its origin exclusively in a political party? This is brazen impudence.

In general, our foreign police is weak, improvised, contradictory and therefore confused. And things have happened recently which, it was said, "did not affect us," when in reality, they affect us totally and in a serious way. Our foreign policy during these 2 years has been chaotic and has created inexcusable problems in our negotiation with the Common Market: it has pursued party rather than state policy in Latin America and has failed to recognize a state such as Israel, which is a reality and of indisputable advantage to us.

Finally, I want to say a word on the subject of the freedoms and general operation of our democratic institutions. In these last 2 years, we Spaniards have lost our freedom in matters such as education, instruction, information and the groups that provide them. Within the Socialist Party there exists a temptation to move in the direction of totalitarianism, the grimmest instances of which, in addition to those already cited, lie in the operation of RTVE [Directorate General of Spanish Radio Broadcasting and Television] (the lowest, most disrespectful and unthinking period in the party's history) and in the employment of the socialist steamroller in the two houses of the parliament. The most recent attempt against the democratic process is the suppression of recourse to the principle of constitutionality, which was previously available.

To summarize, the two years of socialist government have meant more impoverishment throughout Spain, more unemployed, more insecurity for the population, more public deficit and fewer freedoms. Where is the Socialist Party going? Month after month Spaniards have given it lower grades in the polls. Before 1986, a majority of Spaniards are going to advocate its suspension, as the French have already done.

8089

CSO: 3548/37

STRATEGY OF 1986 PRIME MINISTRY HOPEFUL ROCA

Madrid ABC in Spanish 22 Oct 84 p 18

[Article by Luisa Palma]

[Text] Miguel Roca, promoter of the Democratic Reformist Party [PRD], does not favor forming any pre-electoral pact with other forces of national scope but does not discount the possibility of an agreement after the general elections, depending--to be sure--on the outcome of those elections. Roca will be a candidate for the presidency of the government on behalf of the reformists, but, prior to that, he will have become chairman of the PRD-CiU coalition.

These are the plans of Miguel Roca, shared by Antonio Garrigues who is supporting him in his reformist effort and aimed at the next elections at attracting all those who are dissatisfied with socialism and who--it is supposed--will not vote for the Popular Coalition. In other words, it would be more correct to say that the reformists intend to come forward as "rebuilders of the Center." Roca, a man to whom meticulous calculations give a wide margin of safety, suspects--since the 1982 elections--that the so-called "Center" could nevertheless hold a promising future for anyone who wishes to strive for it. And he set to work to achieve that objective.

Cloudless Horizon

The first thing he had to do was to "clean up" the alleged center space where small groups had become established. Now, with the disappearance of the PDL [Liberal Democratic Party] spearheaded by Garrigues within the newly established reformists group, the only parties remaining are the CDS [Social Democratic Center Party] promoted by Suarez (perennially invited to participate) and the PAL [Liberal Action Party] led by Comunas. Otherwise, the horizon is clear. In reality, Miguel Roca is not very much concerned about the fact that Suarez prefers to retain his present state of ostracism and that the PAL liberals have shown contempt for his plan. According to the reformists, PAL could not become united inasmuch as it was seeking unjustifiable sinecures in relation to its strength and membership. But that is another story.

✓ The fact is that the "Roca operation" now lacks only the "pennant" of Convergence to begin to act as a force, party or coalition worthy of the name. In truth, that is another matter; the final formula of this political plan continues to be--although quite original--one of utter confusion for everyone except its promoters, who are trying their best to explain what the reformist structure is and will be. First, only small regional parties will be permitted to become federalized and not parties of national scope; the latter will have to unite. As an initial result, this arrangement precludes the entrance of parties such as the CDS led by Adolfo Suarez, PAL spearheaded by Ignacio Camunas (already separated) and the hypothesis of the PDP [People's Democratic Party] chaired by Oscar Alzaga. These forces would first have to become dissolved and then, later, unite in accordance with the example set by the PDL led by Antonio Garrigues.

Inasmuch as pressure put upon the regional satellites ("tied in" with the reformist plan) to unite also gave no results--due to the comparative influence of the CiU--the reformists finally agreed to consider these small groups federalized: the Galician Coalition, the Alberti Party, in Baleares, etc. However, the "status" of coalition is reserved for the CiU. We must not forget that the "Roca project" (which in reality should be called the "Pujol operation") originated with the objective of being the electoral "spur" of convergence beyond the Catalan borders.

According to the program, after the constituent congress which the PRD will hold in November, the present converging members will become the "Catalan reformists" after signing a coalition document with the PPD. From that time on, the heretofore so-called "Roca operation" will experience a speed-up in its Galician sector (Galician Coalition) to compete in autonomous elections in the land of Cunqueiro with all means available.

This will be the first test at the polls by this recently formed political force and, although Miguel Roca appears very optimistic, his satellite, the Galician Coalition, will find itself challenging the votes in an area which is a "fiefdom" of the Popular Alliance Party. Although the results might be very gloomy, the reformists believe that they will go forward with their idea. Another thing is that the hypotheses of the pacts might change. And everything is possible.

8568

CSO: 3548/27

COMMENT URGES GONZALEZ TO PUBLIC DUEL WITH CCOO

Madrid ABC in Spanish 25 Oct 84 p 19

[Commentary: "The Communist Challenge"]

[Text] The serious incidents registered in various areas of Spain during the labor union demonstrations against the policy of naval reconversion are just a sample of what is doubtless going to be a fall and winter of serious labor strife. The fall season has hardly begun and in this sad balance one must already note one death and an escalation of particularly significant violence. We are witnessing a sort of social "guerrilla warfare" in which the constitutional right to strike and demonstrate is being combined with unconstitutional practices, such as the action of violent pickets, the raising of barricades, and verbal and physical aggression against employers, business executives and the forces of public order.

All of this must be put in the framework of the distance that has developed between the Workers Commissions [CCOO] and the prime minister. The epistolary severity of the leader of the communist labor union against Felipe Gonzalez on account of his signing the Economic and Social Agreement [AES] was the clarion call that announced the CCOO challenge to the socialism in power. Reality takes it upon itself to deny the official propagandistic versions in the most brutal and forcible manner. In Asturias, Galicia and the Basque Country, all possible currents of the communist labor union have come together with anarchists and leftwing socialists in an offensive of attrition and siege against the economic policy undertaken by the government.

It is important not to be deceived about the true scope of this offensive or about possible allies in the camp of the government labor union and party to be able to respond to it properly. Today the government, the UGT [General Union of Workers] and the PSOE [Spanish Socialist Workers' Party] are not a unified whole but, on the contrary, are formations afflicted with serious internal and pending crises that are worsening after the signing of the AES and in view of the imminent 30th PSOE Congress. The challenge of the communist labor union is relying on this as well as on the pending governmental crisis, in which some top ministers want to thank Mr Boyer for services rendered and replace him with a man with "party spirit"; someone who carries out a different economic policy with a view to recovering the electoral base that socialism has lost in these 2 years of governing because of its inevitable attrition and unpopularity.

It is not enough to use a newspaper to denounce the communist agitation. The government should direct itself to the nation, explaining why and for what reason the CCOO is trying to slap its face at the expense and on the back of the Spanish economy. Neither is it enough to issue a denunciation if at the same time they do not resolve the internal cracks that facilitate the work of the CCOO agitators. Government, party and labor union ought to close ranks.

Otherwise, this offensive will not run up against a barrier that can stop it.

If this were not done, the error will be committed of underestimating the real scope of this challenge, which coincides--and not by accident--with a similar campaign against Spain remaining in NATO. And it is through both that the USSR reminds the PSOE of the commitments entered into during a youthful trip to Moscow in the fall of 1977. Those demagogic winds, sown in an indiscreet action of the opposition, are now bringing these storms. That is why the government has the obligation to react with firmness and authority.

9746

CSO: 3548/33

BASQUE SPOKESMAN VIZCAYA FOCUSES ON AUTONOMY, AES

Madrid ABC in Spanish 25 Oct 84 p 26

[Article: "We Doubt That There Is a Solution to Our Aspirations for Self-Government"]

[Text] Marcos Vizcaya, spokesman of the Basque Parliamentary Group, announced that they are not going to support the initiative of the Popular Group to censure four ministers, and he focused his speech on the problems of Basque autonomy. In this respect, he said that the nationalists doubt that there can be a solution to their aspirations for self-government within the state.

The Basque spokesman, who made an excessively slow speech, referred in depth to the obstructed situation that relations between the Basque Government and the socialist executive are at. As support for his arguments, he mentioned the poor functioning of the Mixed Commission of Transfers, the inadequate evaluation of one's own transgressions and the rigidity of the laws on bases that does not permit a proper development of the Basque Statute.

In regard to the transfers, he said that they have been paralyzed since the socialist government came to power. On the laws on bases, he pointed out that "through restrictive interpretations they have been undermining the level of self-government." And he added, in referring to the evaluations, that "the government is seeking a partial modification in a coercive way."

Self-Government

For all of this, he stated that "if we believed and hoped that there would in time be room for the solution to our aspirations of freedom and self-government within this state and in the framework of the constitution and the statute, now many of us are disappointed and skeptical."

Nevertheless, the Basque spokesman transmitted to the president of the government the idea that they are open to dialogue and discussion, "because now it is more necessary than ever to have negotiations that will restore for everyone faith in the statute as the formula for peace and harmony." And he made an offer "How would it be if we commit ourselves to seek solutions with a democratic will?"

In referring to the speech of Felipe Gonzalez, Marcos Vizcaya said that he had presented an "idyllic situation" that did not seem to him to fit the circumstances at all. "There is no sensation that this country is richer today than it was yesterday, or that the quality of life has improved, or that the purchasing power of money has maintained itself, but rather quite the contrary is true."

The nationalist delegate, who said that he rejects figures--"in talking with the citizens, one must speak not of large figures but of results and tangible realities"--chose as an argument for this part of his speech the "uneasiness of the citizens," which he claimed to be the true reflection of reality.

In this respect, he emphasized that in general the situation of the citizens agrees very little with the "idyllic" vision of the prime minister: "The workers who have never had jobs ask themselves if they will have them; those who lost their jobs ask when they can go back to work, and those who have jobs are afraid of losing them. The employers, in turn, are beginning to get a little tired of being considered agents of the reactivation, especially when they verify that they are not receiving the proper treatment in accordance with the role that is attributed to them."

AES, Catalogue of Commitments

Marcos Vizcaya also said that he doubted that the AES can be the remedy for all of the labor and economic problems of Spain. "I have not seen anyone jump with enthusiasm about the AES, except the government. It is not even going to guarantee labor peace. In any case, it is coming to be a catalogue of commitments of the government for the future."

Contrary to what might be expected, the subject of terrorism was touched upon only lightly by the spokesman of the Basque minority in his first speech. He said that he recognizes that in this area their criteria are different from those shared by the government and that, for this very reason, it bothers them that overall disqualifications are made "simply because we do not agree with the ways that you are advocating." He likewise emphasized that there can be no talk of great achievements with respect to public freedoms simply because some laws have been passed that are called progressive. And he indicated: "There is a veiled threat to the freedom of expression of the communications media, police records of other times continue to be used to deny or grant passports, pluralism of information in Spanish Television is systematically torpedoed, and there are cases of torture." For all of these reasons, concluded Marcos Vizcaya, "in this area, as the people say, fewer wolves, because we're between a rock and a hard place."

The Basque delegate insisted that "today there is no sensation of being freer and of having more rights than a year or two ago," and he made special mention of "the medals given to the civil guards who were the object of previous judicial proceedings for presumed cases of torture."

In a very succinct reference to the area of foreign affairs, Marcos Vizcaya indicated that he favored the policy being promoted in Central America, with specific support for Napoleon Duarte in El Salvador, and he expressed his concern that the entrance of Spain into the Common Market might mean a cost impossible to meet in industry, agriculture and fishing.

PARLIAMENT DEBATES SOVIET TREATMENT OF JEWS

Stockholm DAGENS NYHETER in Swedish 14 Nov 84 p 8

[Article by Magdalena Ribbing: "Riksdag Question Period--Swedish Concern for Russian Jews"]

[Text] The treatment of Jews in the Soviet Union is a dark chapter, said Foreign Minister Lennart Bodstrom in the Riksdag question period on Tuesday.

"The government will examine every possibility of representation in each individual case, but sometimes a better result is attained if the efforts are not made publicly," said the foreign minister.

Conservative Ann-Catherine Haglund and Lennart Bodstrom were entirely in agreement that Jews in the Soviet Union are having an extremely difficult time at present, and that their situation is getting worse. Ann-Cathrine Haglund asked Lennart Bodstrom what he could do to apply pressure to have the trials of two named Jews discontinued.

The men she named were Alexander Cholmianski, 34-year-old computer engineer, and Yuri Edelstein, 26-year-old teacher. Both are teachers of Hebrew. They are accused of hooliganism and rowdiness, with false evidence.

"The charges against Cholmianski and Edelstein, similar to the actions of the authorities against other Soviet citizens, give me renewed reasons to emphasize the concern which the government feels for the situation of Soviet Jews," said Lennart Bodstrom.

Ann-Catherine Haglund appealed to the government to continue its efforts to help the Soviet Jews, and Lennart Bodstrom promised that this would happen.

Although the foreign minister agreed with Ann-Catherine Haglund, he disagreed with Conservative Anita Brakenhielm on the question of how the government sees the application of the Helsinki Accords.

The provocative factor in Anita Brakenhielm's question to the foreign minister was that a journalist from EXPRESSEN was denied a visa to Moscow when

Minister of Communications Curt Bostrom recently went there on an official visit. Anita Brakenhiem wondered if that meant that the government is toning down the importance of the Helsinki Accords on the free movement of information across borders, among other things.

Not at all, answered Lennart Bodstrom, but the journalist reported only one and one-half hours before Curt Bostrom's plane took off from Arlanda that he had not received a visa. Possible steps were taken, but did not help.

"It would hardly have helped if we had threatened to cancel Curt Bostrom's visit," said Lennart Bodstrom.

In the long series of questions on Tuesday, broad agreement was reached between Conservatives and Social Democrats on the matter of housing for youths. Conservative Rolf Dahlberg wanted Minister of Housing Hans Gustafsson to hurry up and ease the regulations for fitting out the attics of small apartments intended for youths.

"Make those arrangements quickly, and without the usual bureaucratic stubbornness," said Rolf Dahlberg to Hans Gustafsson.

"Gladly," replied the minister of housing, "but we must have a few weeks to deal with the replies from authorities concerned who have put their thoughts into words.

"It is good that we have the Conservatives with us to support our proposal to the Riksdag, so that we will have unity on it," said Hans Gustafsson.

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CSO: 3650/53

CHRISTIAN DEMOCRATIC UNION RISKING MUCH IN TIES WITH CENTER

Stockholm DAGENS NYHETER in Swedish 11 Nov 84 p 12

[Article by Sven Svensson: "1985 Is a Fateful Election Year for the 'New' Center--KDS Is in Falldin's Hands"]

[Text] The KDS [Christian Democratic Union] must completely fall in line with the Center Party in the Riksdag after the next election. If they do not, the technical electoral cooperation of both parties is going to be met by general condemnation by the other parties. KDS would then find it very difficult to come back in the 1988 election. The Social Democrats never sought a prohibition against technical electoral cooperation between a party in the Riksdag and a party outside the Riksdag which had not attained the four percent limit in the unicameral Riksdag. Nobody believed that such cooperation would take place. Everybody thought that KDS would die a natural death.

Both Prime Minister Olof Palme and Vice Prime Minister Ingvar Carlsson have sharply claimed that technical electoral cooperation between the Center Party and KDS before the 1985 election is a crime against the Constitution, a dishonest manipulation of the electoral system. That is not surprising, since the election outcome can depend on the additional nonsocialist votes brought in by KDS cooperation.

The entire judgment about right and wrong in this question depends on how KDS performs in the 1985 election, after the election, and especially before the 1988 election. There is still a lack of clarity on these three points. KDS freedom of movement must be considered rather limited.

The Social Democrats and the three nonsocialist parties on 17 March 1967 in the Constitutional Committee reached a binding agreement on going over to a unicameral Riksdag on 1 January 1971.

The agreement was based on the Riksdag election and the municipal election taking place simultaneously every third year, and a unicameral Riksdag

having 350 members. Of these, 310 would be chosen from the electoral districts, and 40 for supplementary seats from the entire country for proportionalism in the Riksdag and to create fairness between the parties.

In order to prevent small parties from entering the Riksdag, a limitation was introduced of four percent of the election results of the entire country and a local limitation of 12 percent in the election districts for regionally strong parties.

Precise Fairness

Precise fairness between the parties eliminated the need for election cartels. Neither did the parties any longer have to consider the election technique of the geographical distribution of votes. Surplus votes in the election districts were collected into a national pool and divided fairly.

The size of the election districts had previously placed a limitation on the small parties, and this limitation affected different parts of the country depending on the election districts. The national proportional election system caused the appearance of the election districts to lack importance.

In its report the Constitutional Committee expressed five viewpoints on the election system, which were later supported by both the government and the Riksdag. In real bureaucratic Swedish they were:

- with the exception expressed in point five, there should be a division between the parties which is fair considering the election result in the entire country (national proportionality),
- that national proportionality can not be displaced by artificial party formations or other technical election maneuvers,
- that national proportionality can not be displaced by changes in the division of electoral districts,
- that the system leads to a satisfactory regional representation which is as stable as possible considering the need for national proportionality,
- that it makes it too difficult for small parties to win representation in the Riksdag.

After two decades something has happened that nobody imagined or thought was possible: through agreement between the Center Party and KDS the question of technical electoral cooperation between one party in the Riksdag and a party which did not pass the four percent limit is taking place.

No Prohibition

There is no formal prohibition against cooperation between two parties or fusion of two parties stated in the Constitution. A combining must be

permitted if its objective is serious, and not just for technical electoral purposes.

On the other hand freedom of movement is limited. Two political parties can not go under a party designation with entirely different political programs. That must conflict with the spirit of the five points of the electoral system compromise.

The Center Party and KDS have agreed to try to strengthen the middle in Swedish politics and to abolish the wage earner funds, but beyond that it is difficult to say with absolute certainty where the parties stand.

The next question is the clear requirement by the electoral system compromise for national proportionality for the party groups which exceed the four percent limitation.

If the Center Party and KDS come forth with fairly similar programs in the election and hold together as a party group in the Riksdag after the election, the requirement for national proportionality will be fulfilled.

The new "center" party formation will pay just as many votes for its seats as the other parties in the Riksdag, and the differences of opinion are no greater than those within the other party groups.

The situation would be different if the Center Party and KDS should come forth with widely different party programs, and divide into two party groups in the Riksdag after the election is over.

The main feature of the cooperation is that the Center Party and KDS will proceed with different lists, but under the same common party designation "center." Beginning with the 1982 election, such a technical arrangement means that if KDS wins a seat, The Center Party will win five or six more seats because of the KDS votes.

The effect will then be that the Center Party, thanks to the KDS votes, gets its seats cheaper than the Liberal Party, the Conservative Party, the Left Party Communists and the Social Democrats, and that KDS gets its seats by aying significantly more than the other Riksdag parties.

The demand for national proportionality in the electoral system has unquestionably been displaced. The arrangement conflicts with the contents of the electoral system compromise.

If the Center Party and the KDS do not get their acts together, but come forth as two separate parties during the Riksdag election period, there remain two alternatives before the 1988 election.

One alternative, despite the division, is to try to repeat the technical electoral cooperation between the Center Party and KDS which took place in the 1985 election.

That would be a challenge to political propriety, and would cause strong moral condemnation by the other political parties.

That course of action would conflict with both the second point in the electoral system compromise concerning a prohibition against artificial party structures, and the third point concerning national proportionality.

It is very doubtful that the Center Party would be able to participate in such an obvious technical electoral maneuver without losing face.

KDS in 1988

The other alternative is for KDS in the 1988 election to return to running as KDS alone. This would take place against the background of KDS having in 1985 entered the Riksdag under false pretenses, and thereby would increase the possibility of encountering the four percent limitation by their own actions.

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CS0: 3650/53

COMMUNIST LEFT PARTY EXPERIENCING PROBLEMS IN AIDING SDP

Stockholm DAGENS NYHETER in Swedish 11 Nov 84 p 8

[Article by Ake Ekdahl: "VPK Having Problems Supporting SDP"]

[Text] "The demand for a Communist renewal permeates the entire VPK [Left Party Communists]. The analysis of VPK policies in the Riksdag and the party's cooperation with the Social Democrats which is apparent in several motions before the VPK congress at the end of the year I believe to be both honorable and correct."

This was said by Jorn Svensson to DAGENS NYHETER. He is in the top leadership of the party, and is considered one of Lars Werner's principal advisers.

He describes the situation which VPK was in during the past year as two-edged. In part it is important that VPK support the Social Democrats for the benefit of the labor movement at a time when the winds from the Right are blowing cold. And in part VPK feels an obligation to hold fast when the Social Democrats move toward the Right.

Divisions

Both of these objectives are behind the divisions which are now taking place within VPK. The result of the first has been a blurring of the VPK profile according to the critics, the loudest from Dalarna and Gavleborg, but also from other places.

The result of the second objective has not been what was hoped for--to get VPK to stand out as an inspiration to the labor movement, and to push back the nonsocialists.

One of those who has launched the hardest attacks against the party leadership is Riksdag member Lars-Ove Hagberg, who is himself a member of the party board of directors.

In an internal discussion before the congress he expressed his view of the party's policies during the past 3 years.

He said that the VPK must have stronger identity, and not just subordinate itself to the circumstances of power in the parliament. That does not mean that VPK should reject agreements with the Social Democrats, but that VPK should not be too oriented toward the political play in the Riksdag.

Critical

Hagberg is critical of the agreement on increased gasoline taxes and voted against the agreement in the party board of directors and in the party Riksdag group.

He is going to complete his criticism and vote against the party line in the voting on the floor of the Riksdag. Then he will be on the same side as the nonsocialists.

Now he hopes that the party leadership will scrutinize the policies of the party since the last congress, first at the meeting of the party board of directors at the end of November.

In a recent newspaper interview Hagberg said that party chairman Lars Werner should apologize or resign.

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CSO: 3650/53

MYRDAL ATTACKS PALME FOR ALLOWING AFGHAN FAMILY'S RETURN

Stockholm DAGENS NYHETER in Swedish 11 Nov 84 p 8

[Article: "Afghan Family Expelled--Myrdal Calls Palme a Blackguard"]

[Test] "Today it is difficult to see the end of the war in Afghanistan," said the secretary of the Social Democrat Party Bo Toresson in Stockholm on Saturday.

"We repeat the demand that the Soviet Union withdraw. There is no defense for their occupation," he added.

"In spite of its military superiority, it has not succeeded in suppressing the opposition, for the simple reason that the opposition has the support of the people."

At the same time the government turned away an Afghan refugee family of five people from Sweden because the immigration authorities denied them political asylum. The man in the family faces the death penalty upon his return to Afghanistan.

In an open letter to Prime Minister Olof Palme Jan Myrdal protested. "Palme is a blackguard! The government's conduct is just as disgraceful as during World War II when Sweden forced Jews to return to Hitler Germany," said Myrdal in a commentary to AFTONBLADET.

9287

CSO: 3650/53

OVERVIEW OF 1985 NATIONAL MILITARY RESTRUCTURING

Madrid ABC in Spanish 16 Oct 84 p 19

/Text/ Madrid--The government has decided to postpone until 1985 the reduction in the number of captaincies general envisaged in the Land Forces Modernization Plan /META/. One of the most important reforms undertaken by Defense Minister Serra will not be put into effect until then.

Apparently, seniority considerations above all else are the reason for this delay; the desire to avoid "bloodletting" at the top ranks of the army, and to facilitate the advancement without trauma of men chosen by Serra like, for example, Baldomero Hernandez Carreras, "destined" to command the Captaincy General of Catalonia. The number of months of active duty service left to lieutenant generals of the ground forces was thus a determining factor at the time of deciding the postponement.

In order to reduce the number of military regions to six from the nine which exist at present, the fifth, seventh and ninth regions, based respectively in Zaragoza, Valladolid and Granada are to be phased out. The situation in the ninth military region progressed ahead of schedule, with the death of Captain General Onate de Pedro, and Narciso Serra did not fill this post. The fifth military region will be without a Captain General on 4 November next, the date on which Lt Gen Alvarez Zalba is to retire for age from active duty.

However, contrary to what one might think, Narciso Serra will fill this post with a lieutenant general who does not have very many months of active duty time left, and the situation in this region will probably be resolved by itself. This leaves, then, the seventh region, at present commanded by Lt Gen Pedrosa Sobral, who will probably move on to La Coruna, following a breakin period in this post for one of the individuals being elevated to the future council of ministers.

Thus Pedrosa, who has more than a year left at the "troop command" level--he moves into class "B" /reserve status/ in March 1986--would be in command of a well-known military region, since several of the provinces of the present seventh military region will be incorporated into the northwest region, as provided by the META plan.

Six Regions

In 1985 the territorial organization of the ground forces will be reduced to six regions as follows.

I. Center, which will include the provinces of Madrid, Toledo, Ciudad Real, Cuenca, Guadalajara, Segovia, Avila, Caceres and Badajoz.

II. South, made up of the eight provinces of Andalucia, Ceuta, Melilla, Penon de Velez de la Gomera, Bahia de Alhucemas and the Chafarinas Islands.

III. East, made up of the provinces of Valencia, Castellon, Alicante, Albacete and Murcia.

IV. Eastern Pyrenees, which includes the four provinces of Catalonia: Barcelona, Tarragona, Lerida, and Gerona and the three provinces of Aragon: Huesca, Zaragoza and Teruel.

V. Western Pyrenees, made up of Burgos, Soria, Navarre, Vizcaya, Guipuzcoa, Alava, Rioja, and Cantabria.

VI. Northwest, will embrace the four provinces of Galicia: La Coruna, Lugo, Orense and Pontevedra and in addition Asturias, Leon, Zamora, Salamanca, Valladolid and Palencia.

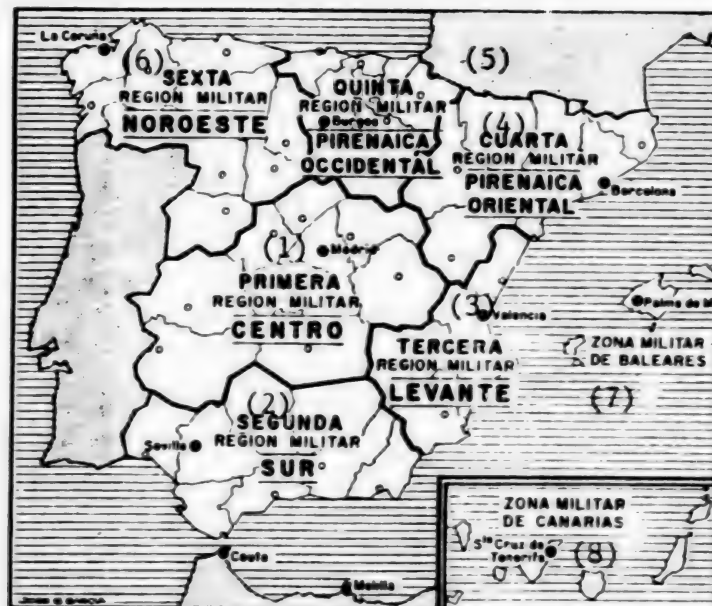
This distribution coincides in many cases with that of the autonomous communities, although this point does not pose a problem, as the minister of defense has pointed out in due course.

The Balearic Islands and the Canary Islands will remain as military zones which will be commanded by a major general as is now the case with Gen Domingo Jimenez Riutord, who was named commander in chief of the Balearic Islands military zone.

Narciso Serra gave official status to the META plan in his presentation before the defense committee of the congress of deputies last May. At an open session, which then went into a closed session, the defense minister confirmed the reduction in the number of the military regions, and the reduction of the number of brigades from 20 to 14, the phasing out of the territorial operative defense brigades (BRIDOT), and the creation of regional logistical commands. The criterion of operativeness as contrasted with the present focus on territoriality, has been put forward on a number of occasions by the defense minister in justifying the important changes in the ground forces. The reduction of the number of brigades envisaged by the META plan will strengthen the capacity of the units and will avoid their dispersion. In the South military region the Guzman el Bueno Mechanized Division will have three brigades instead of the present two; Center, with headquarters in Madrid, and East, with headquarters at Valencia, will have two brigades each, as at present. The paratrooper brigade will continue to be based at Alcala de Henares, the airborne at La Coruna and the cavalry at Salamanca. The mountain divisions, stationed in Navarre and Catalonia, will be increased by one brigade.

Transitional Reserve

The significant reduction which the implementation of the META plan entails is closely linked with the staffing decree which anticipates reducing within 6 years the number of ground forces career personnel from the present 41,000 to 35,000. Narciso Serra stated his interest in avoiding unnecessary harm to those who may have to leave the army, and thus he outlined the setting up of a "transitional active reserve" for those who wish to leave active army service voluntarily. However, better qualified soldiers will not be able to avail themselves of this reserve class, "so that the army will not lose its best men," as Narciso Serra explained it. Also 1985 will be a key year for commencing the reduction of the number of officers in the ground forces.



Key:

1. First Military Region
CENTER
2. Second Military Region
SOUTH
3. Third Military Region
LEVANT /East Coast/
4. Fourth Military Region
EASTERN PYRENEES
5. fifth Military Region
WESTERN PYRENEES
6. Sixth Military Region
NORTHWEST
7. Balearic Islands Military Zone
8. Canary Islands Military Zone

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CSO: 3548/20

SAS BID TO RECRUIT AIR FORCE PILOTS STIRS DEBATE

Potential Squadron Leaders Wooed

Stockholm DAGENS NYHETER in Swedish 24 Oct 84 p 11

[Article by Ake Ortmark]

[Text] SAS will recruit another nine Air Force pilots by the end of this year. The bid for available pilots is thus being stepped up.

What is particularly problematic is that SAS regularly recruits the best pilots, i.e. potential or present squadron leaders. SAS is recruiting pilots with the full knowledge that government authorities are now preparing measures that will hopefully reduce the number of elite pilots leaving the Air Force. The flight of pilots to SAS and Linjeflyg is one of the military's biggest problems as far as efficiency is concerned. A fully trained pilot costs society at least 10 million kronor; it is a big loss to the military when he leaves to join a private airline.

Black Hole

Air Force pilots are plagued by various problems: above all, they seem to fear "the black hole after 40," i.e. the forced "retirement," which means they can no longer fly fighter planes. Another difficulty concerns the constant move from one post to another.

The third problem has been the most widely discussed; an SAS pilot earns 8,000 to 10,000 kronor more per month than do the 350 Air Force fighter pilots, which constitutes a most attractive recruiting advantage for SAS.

Hence, there are several problems and broad-scale measures need to be implemented. What these will be is now being studied by Ostersund County administration Bureau Chief David Andersson by direction of the Commander-in-Chief. Andersson will present what he himself calls "a battery of measures" to the Commander-in-Chief about mid-December.

According to figures circulated earlier, SAS and Linjeflyg will need about 50 pilots in the near future.

This figure came as a shock to the Air Force because it meant that the Air Force would lose about 15 percent of its pilots.

However, in discussions with Defense Minister Anders Thunborg, SAS pointed out that the actual figure is much lower.

According to Director Ulf Cederwall--head of the SAS flight personnel--the airline recruited eight Swedish pilots last August: "But we did not steal any of them from the Air Force," said Cederwall. "They had undergone special training and would not become regular officers."

By the end of the year, SAS is expected to recruit another 18 Swedish pilots, half of them, or nine, from the Air Force. In addition, Linjeflyg will need 12 to 15 pilots.

It is estimated that SAS will need 15 Swedish pilots before the 1985/86 winter season. It is not yet clear how many of them will be military respective civilian pilots.

"Even if we take the lower figure, this will present a problem," said David Andersson. "The Air Force now has only a minimum number of pilots and the organization can hardly bear any more resignations."

This constitutes the basis for the measures now under consideration by Andersson. A number of different proposals have been discussed by the Andersson-group, the Air Force and the Defense Department.

Pilots in other countries are usually bound by a contract, but this seems less workable in Sweden. This means that a solution must be found, partly by improving pilots' pay and working conditions and partly by reaching some kind of agreement with SAS.

For example, the agreement could be in the form of the military covering part of the higher social costs involved if SAS were to recruit older than the now preferred 30-year old pilots.

Salary Advantage Described

Stockholm SVENSKA DAGBLADET in Swedish 25 Oct 84 p 9

[Article by Erik Liden]

[Text] By leaving the Air Force, where he is serving as a J35F Dragon pilot at Fl6 in Uppsala, to become an SAS pilot next April, 28-year old Captain Claes Hjertman's monthly salary will go up by about 5,000 kronor to about 15,000 kronor.

In a nutshell, this particular example indeed illustrates the problem of Air Force pilots' salary and that of military pay in general.

Many officer pilots have already left or are planning to leave the Air Force to go to work for SAS. Three young officers are now studying civilian flight theory in order to qualify for direct in-flight DC9 training.

"I see no reason to turn down this salary advantage," said Claes Hjertman, "although I will be giving up the interesting and exciting job of flying fighter planes, of course. I will also miss the association with my comrades. I need to hear from SAS before turning 30 because SAS will not continue to train flight officers who are already 30 years of age when the training courses begin."

300 Pilots Needed

Linjeflyg and Swedair are still observing the 33-year age limit and will continue to need new pilots until 1990.

These three airlines alone will need to recruit close to 300 pilots over the next 6 years, 200 of them in Sweden. The Air Force cannot afford to lose that many newly trained Viggen pilots to civilian airlines.

"I understand my comrades' attitude," Tord Karlsson, leader of the 3rd squadron at Fl6, told SVENSKA DAGBLADET. "I was wholeheartedly intent on a military career but, due to the salary difference, I figure I may eventually seek employment in civilian industry. First I am going to try to get a top military staff position in Stockholm."

Tord Karlsson is 31 years of age and has already completed the advanced courses at the military academy. His colleagues predict he will have a fast Air Force career.

"In spite of everything, we all love to fly high and free," said Karlsson, "but family and the economy demand higher salaries. Personally, I said 'no' to SAS only 3 weeks ago. Instead, I am thinking of terms of a civilian staff position in about 7 to 8 years."

A pilot who recently went to work for Linjeflyg (LIN) is now serving at Fl6 in order to maintain his Dragon combat status in a short period of time.

Roland Wenstrom, 30 years old, took a leave of absence from Fl6 in November 1983. Following simulator training, he has flown 12 J35F-Dragon missions in 1 week at Fl6.

"I have learned that you can quickly readjust to military flying. The ideal would be to fly fighter planes on a regular basis, but I do not believe full-time flight officers on lower salaries would appreciate this solution.

"Having served as a LIN pilot for a year, my immediate reaction is that more money is being spent by private companies than by the government. This means that, despite the periodically monotonous work, we are all fighting for LIN and view its success as a result of everybody's private interest in the job."

Salary-wise, an SAS pilot earns about 15,000 kronor a month to start with and quickly advances to 20,000 to 25,000 after 4 to 5 years with SAS. LIN and Swedair pay somewhat less.

New Injustices

The 1,800 kronor monthly salary increase for Air Force squadron and deputy squadron leaders approved by the government 15 October does not at all cover salary differences that are rapidly approaching 10,000 kronor per month.

On the contrary, the salary increase creates new injustices within the Air Force. Today, the monthly salary of a 41-year old flight officer at Fl6 is 14,969 kronor, while 3rd squadron leaders, who are 10 years younger, earn 14,976 kronor a month.

Military Pilots Protest Age Limit

Stockholm DAGENS NYHETER in Swedish 30 Oct 84 p 6

[Article by Bengt Falkkloo]

[Text] The mood among Swedish Air Force pilots is one of indignation. In the wake of Friday's report that the government would appeal to SAS to stop recruiting Air Force pilots, the pilots themselves are enraged to put it mildly.

When the report came that the Defense Department would discuss the problem with SAS, that clinched it for Captain Per Olov Carlsson, a 29-year-old flight instructor at Ljungbyhed.

"I had been thinking about it for a long time, but at that time, last Friday, I signed the application forms and sent them on their way."

But Captain Carlsson actually does not want to join SAS; above all he would like to remain an Air Force pilot.

He wants to fly, but after 11 years he will no longer be able to do this. He will then be 40 years old and get a "desk job" until he retires at 60.

His squadron colleague, Jan Hellman, is 40 years old and earns an equal amount of money, namely 12,500 kronor a month.

"I will soon be too old to fly," he said. A desk job awaits him, signing "leave" applications submitted by enlisted men.

"This is very serious," said major Bengt Holmberg, executive committee member of the Swedish Officers Union, affiliated with SACO/SR (Swedish Confederation of Professional Employees-National and Local Civil Servants).

"We often voice our concern about the salary difference between military and Linjeflyg (LIN) and SAS pilots, but we are equally concerned about having to

quit flying at age 40, inadequate pensions, the problem of moving from one post to another, dissatisfaction and, in the end, poor fighter pilots who may not be on top in a crisis situation."

These problems concern almost all of the 350 pilots in the Air Force. And we should not forget their families; their wives often have jobs and cannot move from one command post to another.

It costs 10 million kronor to train a man accepted into the Air Force today. After a few years, he becomes a group officer at a training cost of more than 30 million kronor.

Then he gets an offer from SAS to change jobs--SAS only wants young and able pilots. He knows that if he does not accept the offer he will be done flying at age 40.

"SAS only hires pilots who they think are potential captains, i.e. the very best. SAS pilots get almost twice as much money. Of course, they leave the Air Force," said Holmberg.

The pilot who decides to stay in the Air Force will get a desk job until he is 60 years old. Of course, he can fly the Herkules, a helicopter or serve in the Coast Guard, but this is not the same.

Squadron leaders in Denmark, for example, with whom Swedish pilots like to compare themselves, earn in excess of 250,000 kronor a year, twice as much as in Sweden. Some time ago, when the Danish Air Force learned that four of its permanent instructors were thinking about joining SAS, their salaries were raised overnight by 70,000 kronor each.

"Furthermore, they can retire at age 45. We want this too, a voluntary retirement or the option to stay and do something else in the Air Force."

JAS Threatened

So many are leaving the Air Force tha pilots are wondering whether the JAS project can be completed.

"We have an Air Force, but who is going to train the pilots," asked Holmberg. "The very best are flying for SAS. An instructor at Ljungbyhed now has 12 student pilots, but when he reaches 45 he can leave, which leads to a shortage of instructors. An instructor from another unit is then brought in, which means more moves to train new pilots, etc.

"But what angers pilots is the Defense Department's failure to talk to them, and they join SAS.

"But what should SAS do? Market forces are the deciding factors here. They want the best pilots and you cannot close the door on SAS. Talk to us instead," said Holmberg.

"Much would be gained if the government would at least take the initiative and say it would do something."

No Money

A salary increase has been promised, 1,800 kronor for 50 pilots, but nobody has seen any money yet.

A squadron leader now earns approximately 13,000 kronor a month, an SAS pilot twice that amount. Christer Persson with the 3rd squadron has spent 12 years in the Air Force. At union meetings he talks to his old squadron comrades, often younger, who are flying for private airlines and earning much more. They have different working hours, long off-duty periods and they know they do not have to move when they turn 40.

Those who stay in the Air Force feel worn out and not particularly appreciated.

They know that 1 year in the air is equivalent to 1 and 1/2 years on the ground and that they will actually be able to retire on a voluntary basis at about age 45.

"And this has been known for a long time," according to the 3rd squadron pilots. "Whatever is done would have to be for the better."

Pilots Leave Air Force en Masse

Stockholm DAGENS NYHETER in Swedish 31 Oct 84 p 21

[Article by Bengt Falkkloo]

[Text] It is not only higher salaries that tempt Air Force pilots to join SAS or Linjeflyg. Rigid rules and lack of help moving to a new command post, for example, also play a role.

By mid-December the commander-in-chief will have received a report prepared by Bureau Chief David Andersson. It will treat all the problems discussed by military flight personnel in Sweden today, including Army and Marine flight personnel.

"But the most topical problem, of course, concerns Air Force pilots," said Andersson. "I cannot disclose the content of the report at this time."

With respect to salary, Air Force fighter pilots feel they are greatly underpaid compared to SAS pilots, who may earn twice as much. They realize they cannot get equally high salaries, but feel that at least halving the difference would make it attractive to stay in the Air Force.

To Norrland

"Indeed, much of the report deals with salary and pension," said Andersson, "and I feel it is rather unjust to blame the Air Force and the Defense

Department. They do what they can, but since this concerns money, the Finance Department has the final say.

"With respect to retirement, the same rules that govern government workers in general apply and this is where we meet with opposition from the National Board of Collective Bargaining (SAV).

"It often establishes rules that need to be adjusted at times in certain individual case," said Andersson. "You cannot be too rigid. A pilot today risks being ordered and moved to Upper Norrland and perhaps back again in 3 years."

Big Difference

"In this particular instance he would get help moving," said Major Bengt Holmberg with Ljungbyhed military flight school. "If he cannot sell his house or if his wife is unable to find work at the new location, he can commute for the first year and be compensated for it. But what about later?

"Pilots are looking at other occupational groups subject to moving without making a direct comparison. A doctor moving to Norrland often gets help acquiring property, a down payment on a home, help finding work for his wife, etc."

"This is the difference between government workers and others," said Andersson. "But there are work rules that apply to military personnel and there is not much we can do about them. Not right now, but this is where we might arrive at individual solutions."

SAS Must Raise Age Limit

Within the Defense Department, Ingvar Ehrling takes care of the pilot problem.

"We are aware of the criticism and the problems, but we cannot address ourselves to every single pilot. We are talking to the union and the National Board of Collective Bargaining (SAV) trying to come up with new solutions.

"We cannot prevent pilots from changing jobs, but we might be able to persuade the youngest pilots to stay in the Air Force a few more years by asking SAS not to employ just the very young pilots, those under 30 years of age.

"Quite simply, SAS will be allowed to raise the age limit," said Ehrling. "And if they want pilots, they will have to invest a little more in the Civil Aviation Academy at Ljungbyhed and plan better so as to determine their need for pilots."

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CS0: 3650/33

CHIEF OF STAFF ZUMSTEIN ON DEFENSE STRATEGY

Zurich NEUE ZUERCHER ZEITUNG in German 3 Nov 84 p 25

[Article: "Switzerland in the Tense Armaments Environment: Under-Armament As a Calculated Risk?"]

[Text] The role of Switzerland in the international game of forces and problems of arms control and disarmament was the focus of a meeting of the Swiss Society for Foreign Policy in Bonn. Raymond Probst, former undersecretary of the Department of Foreign Affairs, conducted this seminar, in which numerous individuals from administration, politics and science as well as representatives of the news media participated.

The event got under way with a report by Corps Commander Joerg Zumstein, general staff chief, on the subject "The Small Neutral Country Against a Heavily Armed Background."

Rejection of Alternative Defense Concepts

Following selected references to partial aspects of modern warfare, the general staff chief also brought up the problems of an effective air defense. The question of the limits of the obligation of the neutral country to prevent violations of air space through cruise missiles or low-flying satellites is complex and no well-defined answer is possible. In the scope of what is reasonable, all technically possible means should be employed to enforce all claims to sovereignty in the air space.

Corps Commander Zumstein then made it clear that he sees alternative defense concepts such as small or guerrilla warfare or even nonviolent resistance, for example, as extremely problematical. For these would not come into play until the enemy were already in the country. And thus neutrality would already have been abandoned on the basis on a strategic concept alone. In no way can this be a way to fulfill the duty of hindering the enemy.

From an assessment of the geostrategic position of our country and the classical attack axes in Central Europe, the general staff chief came to the conclusion that in the event of a push by the enemy from southern Germany into the Belfort area, the Swiss middle land would take on the actual function of a funnel between the Jura Mountains and the edge of the Alps. The defense of the middle land cannot be seen in an isolated manner; on the contrary, it is involved in interrelationships that go beyond the border.

Professionalization of Key Elements of the Army

Corps Commander Zumstein further took up the continually shrinking early-warning times prior to an enemy attack. The fact that under the given circumstances one must reckon with only 48 hours or even less is of considerable significance for guaranteeing adequate preparedness of our army. As at the symposium of the Zurich Cantonal Officers Society last Saturday at the Swiss Technical University in Zurich, the general staff chief spoke out in favor of the professionalization of special parts of our army. In this connection, he again mentioned the strategic intelligence service--it is handled by the subgroup intelligence service and military security--formations for air police tasks, security services and key positions of the infrastructure.

Accepting More Risk

The general staff chief again emphasized the significance of a credible home defense for the security policy of our country. It alone provides strength and forms the backbone of overall defense. According to Corps Commander Zumstein, it is important not to lose heart and become resigned in view of the heavily armed environment. To be sure, today Switzerland is already operating with a sort of "under-armament," and one is procuring less military material than one really should have to be up to the threat through a potential enemy. But he sees the risk that is thereby entered into as acceptable as long as the military will is intact and other measures could compensate.

Resignation and paralyzing fear can be overcome with activity. The general staff chief said literally: "I could imagine a very much stronger involvement of our country for the active securing of peace and the prevention of conflicts. I would not want to express myself on the form of this involvement, but I cannot deny the degree of motivation that the armed forces of friendly neutral countries draw from this!" This view sparked the subsequent discussion. Becoming specific, Corps Commander Zumstein made it clear that in this connection he is indeed thinking about the use of the armed forces of other neutral countries in the framework of the United Nations, without thereby wishing to speak for the blue-helmeted Swiss at this time.

In response to the question of whether it is his view that increased Swiss activity in foreign and peace policy could compensate for the insufficient armament, the general staff chief said that it is important to convince an adversary that a territorial violation means war. To be sure, more or fewer tanks or aircraft would determine the temporal depth of the defense, but they would change nothing in the incontestable will for a stubborn defense. Thus everyone knows that an attack against Finland, which by no means can be considered a heavily armed country, will lead to war.

It is important for Switzerland again to take on and bear more risk. Only in this way will it be possible to develop further initiatives.

Disarmament and Arms Control

The seminar meeting was supplemented through various reports by specialists from science and administration, who expressed themselves from various points

of view on questions and problems in disarmament and arms control. Whereas Prof Dr Curt Gasteyger analyzed the stagnant process of the efforts for arms control between the superpowers at the nuclear-strategy level, Christian Catrina from the research establishment for political science of the University of Zurich spoke on the problems of unintentional nuclear confrontations. Rene Haug from the Program for Strategy and International Security at the University Institute for Advanced International Studies in Geneva presented the difficult problems in the verification of arms-limitation agreements. Minister Herbert von Arx, chief of the Service for Special Political Questions in the EDA, outlined the role of Switzerland as a disarmament partner and the related difficulties. Ambassador Jean-pierre Ritter, chief of the Political Secretariat to the KVAE in Stockholm, provided orientation on the complex overall conditions under which these negotiations are taking place, and he outlined the importance of cooperation in the group of neutral and nonaligned countries.

(SO, 3620/103

SOVIET MAGAZINE PRAISES INCREASING TRADE RELATIONS

Nicosia KHARAVGI in Greek 28 Oct 84 p 7

[Excerpts] Moscow (from our correspondent, Sofoklis G. Sofokli)--"Trade and economic relations with the Soviet Union, which are erected on the base of mutual interest and have a long-term nature, differ radically from that line followed by western countries on questions of purchasing Cypriot products."

This is written in an interesting article by the Soviet journalist, M. Aleksandridis, in the 27 October weekly economic review, EKONOMICHESKAYA GAZETA, published in Moscow.

In the article which bears the title, "USSR-Cyprus: Mutually Beneficial Cooperation," there is emphasis of the fact that soon a quarter century will be completed on the calendar of Soviet-Cypriot trade and economic relations. In this period, commercial transactions between the two countries have increased many times over. In the first six months of 1984, trade between Cyprus and the USSR surpassed 22.5 million rubles. Trade between the two countries has nearly doubled in the last five years. More and more frequently, one sees on Cypriot roads the Soviet Lada and Niva cars. Soviet machinery in Cypriot factories has increased perceptibly. In the USSR, more and more often you can find in the shops goods made in Cyprus.

In the 24 years which have passed since economic and trade relations were initiated between Cyprus and the USSR, the makeup of the commercial transactions has been formed. Aside from various raw materials, which have a vital significance for the Cypriot economy, there has been an increase in imports of Soviet industrial products, cars, lathes, etc.

For the Cypriot economy, exports of traditional agricultural products, such as vine products and others, have a huge significance. This year, for example, contracts for exports to the USSR of 5,000 tons of raisins, more than 4,000 tons of oranges, 4,000 tons of spirits and various other goods were implemented.

Exchanges Constantly Increasing

"For fairly many years now we have maintained fruitful contacts with Soviet foreign-trade organizations such as Traktoroexport, Technointorg, Raznoexport, Exportles and others," reported the assistant manager of the LOEL company, Iosif Lenin, to Soviet journalists. And he continued: "It is an equal and

mutually beneficial cooperation, and we are convinced good prospects exist. A series of contracts for exporting lumber, industrial electric equipment, building materials and other merchandise to the USSR has already been signed." Ending his article about Soviet-Cypriot trade and economic relations, Aleksandridis reports that in 1984 agreements surpassing the total commercial transactions in 1983 have been signed between Soviet and Cypriot companies.

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CSO: 3521/65

AIRCRAFT PURCHASE AFFECTS BALANCE OF TRADE DEFICIT

Nicosia 0 FILELEVTHEROS in Greek 26 Oct 84 p 1

[Text] Relative to yesterday's press publications which gave the mistaken impression that the trade deficit has widened to levels which can be characterized as "catastrophic," the Ministry of Finance, "without downplaying in any way the problems which exist and the need to continue the effort to control consumption and imports," explains the following in its announcement:

1. The increase in the trade deficit during the first eight months of 1984 is owing primarily to expenditures to purchase the two Cypriot Airlines aircraft (nearly 59 million pounds). If these expenditures are taken away, the increase in the deficit is restricted to 19 million pounds, or approximately 7.5 percent, compared to an increase of 50 million pounds, or 25 percent, during the corresponding period in 1983.
2. The overall increase in imports is owing to expenditures to purchase the aircraft, to increased imports of raw materials (particularly for industry which is developing this year at a rate almost double that of last year), to the rise in capital-goods imports (which is owing in its turn to the recovery of productive investments), to the increase in re-exports, and to the larger sums spent to import petroleum products (primarily as a result of the dollar's rise). Imports of consumer goods remain at approximately the same levels as last year's.
3. If expenditures for purchasing the aircraft are excluded, the rate of increase for exports (36.6 percent) was nearly double that of imports (19.4 percent).
4. Generally, this year the balance-of-payments situation is shown to be relatively better than last year. Thus, it is anticipated that this year the deficit in the balance on current accounts will be decreased to approximately 60 million pounds (if the value of the aircraft is not taken into account), compared to 94 million pounds in 1983. Also, the general balance of payments is expected to show a surplus of 25 to 30 million pounds, in comparison with a surplus of 2.8 million pounds in 1983.
5. The improvement in the balance-of-payments situation is reflected in the exchange reserves which in the first seven months of 1984 increased by 58.8 million pounds and amounted to 387.6 million pounds. During the corresponding period in 1983, the exchange reserves had increased by only 19.2 million pounds.

GOVERNMENT ENCOURAGED BY TRADE BALANCE OUTLOOK

Slight Trade Surplus Recorded

Copenhagen BERLINGSKE TIDENDE in Danish 23 Oct 84 p 1 Sect III p 16

[Article by Svend Bie]

[Text] The trade balance is developing favorably. Economics Minister Anders Andersen sees a deficit of only 15-16 billion in the trade balance. The figures indicate that private consumption is being protected.

Economics Minister Anders Andersen (Liberal Party) is well on his way to being right in his prophecy on the trade balance deficit. New trade figures show a clear improvement in the trade balance, and Anders Andersen now expects a deficit in 1984 of under 16 billion kroner.

The positive trade figures come just a few weeks after Social Democratic spokesman Svend Auken talked about a deficit of 18-20 billion kroner in the trade balance. He used the figure to demand action against parts of the consumption area and proposed compulsory saving.

The political possibilities for the proposal disappeared like mist before the sun when the trade figures appeared yesterday. The government has always rejected action now, and Folketing member Jørgen Eistrup (Radical Liberal Party) told BERLINGSKE that favorable trade figures mean that collectivization action can be completely refuted.

"We will not destroy the possibility of a reasonable income policy by such an action," he said.

Economists tell BERLINGSKE that the trade figures will also develop favorably in the coming months if the government's estimate of a deficit of 16 billion kroner this year holds. But Andersen does not doubt that the favorable development will continue. He even thinks that a deficit of only 15 billion kroner is within reach.

"Investments that have cost imports are now beginning to show up in exports to exports," the economics minister said.

But he warns against thinking that we have no more problems. The figures show only that we are on the right path, "the straight and narrow one."

Folketing representative Erling Olsen (Social Democrat) said: "I am also happy that the figures are not worse. This is something we can rejoice in for the country's sake."

The trade figures for September turned out well. There was a small export surplus of 40 million kroner. This is the first surplus in a month since November of 1983. Corrected for the season and excluding ships and aircraft, there was a trade deficit of 590 million kroner compared with 1.188 billion kroner in August.

The good trade figures were met with positive reaction on the stock market, even though some favorable trade balance was already anticipated.

The improvement comes mainly from a marked drop in imports, which were only three percent over the September level of last year. The seasonally corrected figure rose just about 1½ percent. This too points toward a marked drop. In the first eight months of the year, the seasonally corrected imports rose 19 percent in relation to the same period last year.

It is not possible on the basis of the present calculations to say anything closer about the background for the drop in imports. The detailed figures will not be out for at least a week. There is particular interest in the development in the import of consumer goods, which rose quite strongly in the first eight months of the year -- a rise that has caused a debate on the need for measures to limit consumption.

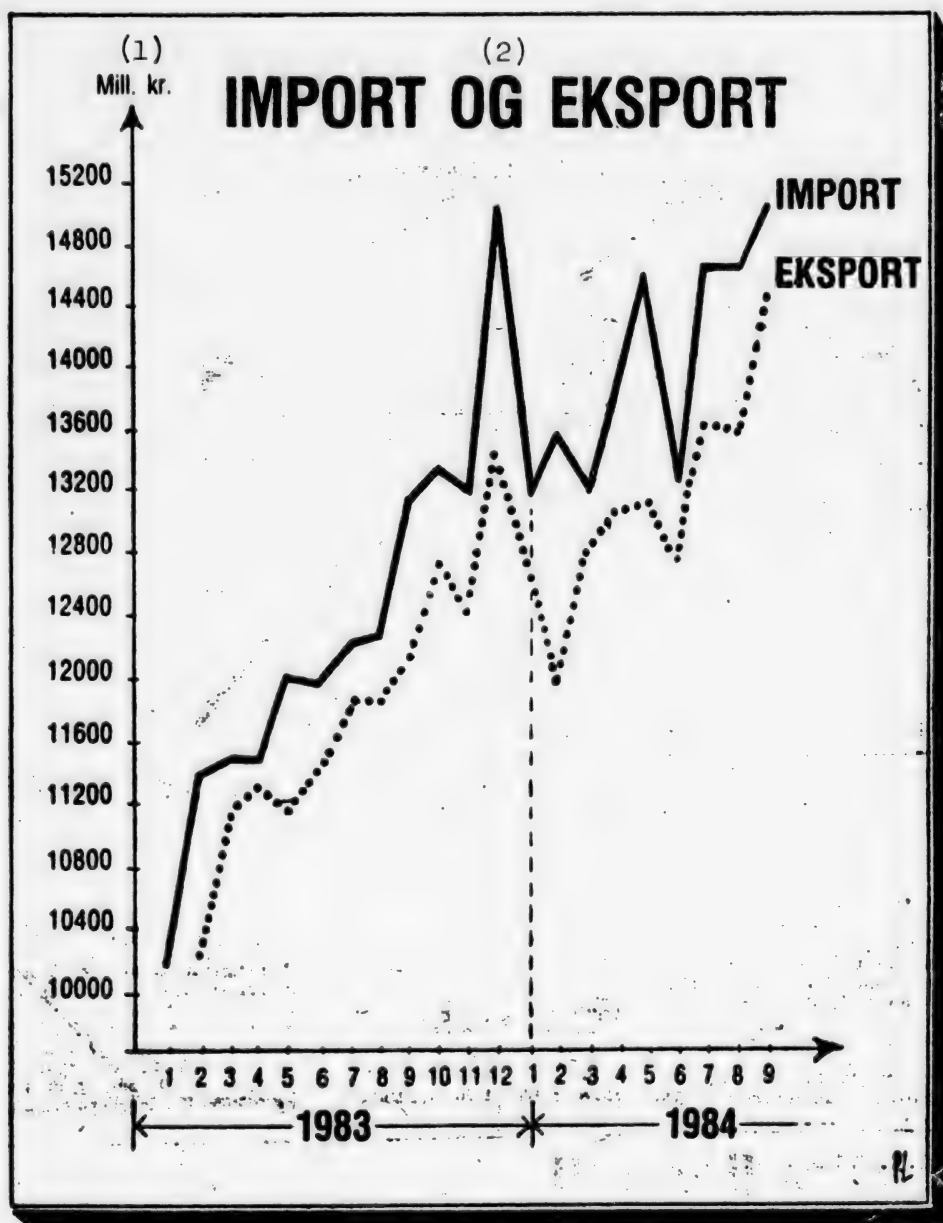
Continued Growth in Exports

Exports are now rising more strongly than imports. The seasonally corrected figures for exports are a good 19 percent over the level of September last year.

Imports in September were in fact 14,020 million kroner (seasonally corrected and excluding ships 15,000 million kroner) compared with 14,000 million kroner in August (14,754 million kroner). Exports were at 14,060 million kroner (corrected 14,410 million kroner) compared with 13,746 million kroner in August (13,566 million kroner).

These figures also contain an improvement in trade figures for August of 90 million kroner in relation to the first statement, in which exports are increased by 140 million kroner and imports by 50 million kroner.

The deficit for the first nine months of the year is accordingly 5,190 million kroner compared with 271 million kroner in the same period last year.



The excess of imports is falling. The curves show the seasonally corrected trade figures. Imports are now rising more slowly than exports.

Key:

1. Millions of Kroner
2. Imports and Exports

Small Deficit in the Third Quarter

Director Jesper Andreasen of Investbank reports that the most recent trade figures confirm the conjectures he made in BERLINGSKE a few weeks ago. From the trend in foreign exchange reserves, he concludes that there is only a small deficit in the trade balance in the third quarter in the magnitude of 1.5 billion kroner after a deficit in the first half of the year of as much as 10.2 billion kroner.

"In the third quarter of 1983 there was a surplus of imports of 140 million kroner. The preliminary figures show an import surplus in the third quarter of this year of 907 million kroner. The trade balance deficit in the third quarter of 1983 was one billion kroner, so there is a good possibility that the deficit will be about 1.5 billion kroner in the third quarter," Andreasen said.

With this, the total deficit for the year's first three quarters will be at 11-12 billion kroner.

This does not mean that the trade balance deficit this year will be lower than the 16-18 billion kroner that has been predicted up to now.

The state's large repayments of foreign loans the first half of the year have interfered with the dates for the state's interest payments, and this can effect the good trade balance figures in the third quarter.

The government's latest estimate for the trade balance is a deficit of about 16 billion kroner this year. If this holds, it will require a smaller excess in the next two months, because there is normally a large import excess in December.

Prime Minister Confident

Copenhagen BERLINGSKE TIDENDE in Danish 31 Oct 84 p 9

[Article by Michael Ulveman Jensen and Anne E. Jensen]

[Text] Prime Minister Poul Schluter says on the trade balance: "Things are going according to plan."

The trade balance trend in September became more positive than was first anticipated. The provisional figures showed a surplus of about 40 million kroner, but the actual trade figures show a surplus of 151 million kroner in foreign trade.

"We have now halved the deficit of the previous three months. And there is one clear reason for this, namely a very strong improvement in exports together with a halt in the import rise," Schluter said after the ministers' meeting Tuesday.

The statement also shows that in the first three quarters of 1984, the total export rose by 13.5 billion kroner in comparison to the corresponding period in 1983.

"Almost all this rise, about 12.7 billion kroner, comes from a rise in industrial exports. And when the trade balance figures for the third quarter appear soon, they will doubtlessly show a clear decline in the deficit," Schlueter said, saying that "Things are going according to plan."

The new trade figures confirm that private consumption is falling. In the first eight months of the year, consumer imports were a good 25 percent over the level for the same period last year. But in September the growth had declined to 7.6 percent. For some time there has been a tendency toward a slowdown in consumer imports, but particularly the September figures show a marked turn.

In the meantime there is also talk of a weaker growth in exports. Industrial exports lay eight percent over the level of a year ago in September, while in the first nine months they rose a total of 18 percent. But in spite of this slowdown, exports are now rising more rapidly than imports.

9124

CSO: 3613/25

WAGE SETTLEMENTS BLAMED FOR CONTINUED UNEMPLOYMENT

Munich SUEDEUTSCHE ZEITUNG in German 23 Oct 84 pp 1, 2

[Article by SDZ Bonn staff: "Fall Release of Economic Study Critizes Both Sides in Wage Settlements and Government: Five Economic Institutes Say Wage Settlements Responsible for Unemployment; "Bonn Has Established No Guidelines For More Dynamic Growth"; Increased Unemployment, Two Percent Growth, Two Percent Inflation Predicted"]

[Text] (BAK) Bonn, 22 Oct--According to economics experts unemployment in the FRG will continue to increase. In their study released in the fall the leading economic research institutes predict an unemployment figure of 2.28 million, real economic growth of two percent and an inflation rate of likewise two percent for the coming year. The institutes place the blame for unemployment primarily on the parties involved in wage settlements. But they also criticize the economic, financial and social policies of the federal government which has so far been largely unsuccessful in establishing guidelines for more dynamic growth. The institutes favor a large tax cut all at once to take effect in January 1986.

The first reactions from political and economic circles are varied. While the large institutions, primarily the credit institutions, and the Federal Ministry of Economics are talking about a "prognosis for growth at the lower end of the scale", meaning that they consider a somewhat higher growth rate more probable, the majority of the economic institutes--the Institute for International Economics in Kiel, the Rheinland-Westphalia Institute for Economic Research in Essen and the Hamburg Institute for International Economics--agree with the criticism leveled at wage settlement policies and favor the economic policy recommendations made to the state and the Federal Bank (Bundesbank). Otto Graf Lambsdorff, economic spokesman for the Bundestag's FDP members, explained that the views of the institutes and those of the FDP had rarely "so closely converged as they have this time". Graf Lambsdorff referred specifically to the recommendations to implement the tax cut all at once as soon as 1986, cut back state-owned monopolies, reduce subsidies across the board and differentiate wages to again better reflect market conditions. Martin Bangemann (FDP), the economics minister, sees

in the study "the incentive to continue with conviction the course of economic recovery and improved growth conditions which have been followed by him".

It was the opinion of Uwe Jens, economic expert for the SPD opposition, that the views of the institutes contradicted the show of optimism by the coalition regarding economic policies. According to the Green Party the institutes have confirmed that the course chosen by the government has not contributed to reduced unemployment.

The DGB criticized that the majority of the institutes would "never learn" and had not yet grasped the fact that the economic course of the current government was "a failure in terms of employment policy".

Expressed in figures, development in the coming year as seen by the institutes will be as follows: The real growth rate will decline to about two percent, down from the 2.5 percent which it should reach this year; stabilization of the economy will continue as the rate of inflation in the coming year will remain two percent, whereas based on last year's trend it will reach 2.5 percent this year; the number of unemployed will increase by about 10,000 to 2.28 million--while unemployment will remain unchanged at 9.4 percent. Behind the predictions for these primary figures is the assumption of another significant increase (by 6.5 percent) in exports, a slowed increase in expenditures for armaments (up five percent), a clear decrease in construction expenditures, a real increase in private sector consumption by 1.5 percent, a reduction in the "federal" financing deficit (i.e. the local governments and social security) by another DM 10 billion to DM 20 billion, as well as a marked increase in the net position on goods and services from DM 10 billion this year to DM 20 billion in the coming year.

The bottom line of the institutes' criticism of economic policies is as follows: "Under the economic, social and wage settlement policies implemented up to now, neither adequate dynamism for growth was provided nor were the costs of employing workers reduced in comparison with capital expenses so as to initiate the urgently needed expansion of employment opportunities. The main areas of economic policy are assessed by the institutes--at times with minority opinions--as follows:

- **Wage Settlement Policy:** They are the main point of criticism because they are considered responsible for persistent unemployment. The institutes complain that there has still been no successful differentiation of wage decisions according to business sectors, economic regions and levels of qualification. They argue for the introduction of "flexibility clauses" which would enable businesses to adjust wage agreements or at least suspend the general binding nature of wage settlements. The newest across the board wage increases containing agreements on reductions in working hours and introduction of an early retirement program to be financed by the general public are also criticized. Both steps, say the institutes, have the effect of drastically increasing ancillary wage costs and therefore decreased employment can be expected. Two institutes however, the Ifo Institut (Institute for Economic Research) in Munich and the German Institute for Economic Research in Berlin, say that a positive effect on employment can be expected if the labor

unions permit the opportunities for flexibility to be implemented at the workplace as was agreed upon in the wage settlement.

● **Economic and Financial Policies:** The institutes recognize the success of budgetary consolidation even if they criticize reducing the deficit by raising taxes and other levies. However they disagree with spreading the tax cut out over two separate time periods, January 1986 and January 1988, and giving priority to cutting family allowances rather than lowering the wage scale. The institutes are worried that reductions in social services will again be reversed, and they complain that instead of the promised reduction in subsidies there has been an increase. The Law for the Promotion of Employment (Beschaeftigungsfoerderungsgesetz) proposed by Labor Minister Norbert Blum (CDU), which among other things will facilitate part-time work and will allow term contracts to run for longer time periods, is considered by the institutes to be a step in the right direction, but only a half-hearted one. In a minority opinion the German Institute for Economic Research warned against continuing the restrictive course being followed in terms of financial policies.

● **Monetary Policy:** The institutes were unanimous in their recommendation that the Bundesbank should control money supplies not based on supposed requirements for leveling out economic trends or the exchange rate, but rather with consistency and based on an announced target figure. Based on growth opportunities and unavoidable price increases, the institutes recommend a five percent increase in the money supply at the central bank for 1985 which corresponds approximately to the rate of expansion of the money supply this year.

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CSO: 3620/94

STUDY SHOWS GROWTH OF CIVIL SERVICE

Lisbon A TARDE in Portuguese 12 Oct 84 p 24

/Excerpts/ It is estimated that over half a million employees serve the state in the civil service. This number is tending to increase, admits a study of the Union of State Technical Staffs (STE), which states: "We presume that the number of administrative personnel as well as teaching personnel has continued to grow, with that of high-level technical personnel remaining stationary."

Prepared from a standpoint of fighting for the "essential limitation of civil service hiring, actual future planning management and the gradual change of the quality of human resources with an increase of productivity," the STE study exhaustively analyzes the development of the state civil service; a state that today is the country's principal employer, placing itself in the striking position of a monopolist, reducing the major sectors of national activity, assuming an economic "statism" or "guidance" that absorb all of the capacity for wealth or dynamism of private enterprise.

Five Government Employees for Each 100 Inhabitants

According to the STE, in 1935 the Portuguese administrative machine was comprised of about 30,000 civil servants distributed among 27 professional categories.

In 1963, 33 years later, the total number of state workers was 196,755, which included the administrative staffs in the overseas territories, the size of which were scores of times larger than that of the continental territory. The professional categories then numbered 24.

In 1979, the number of state civil servants was already around 380,000 (372,086) and represented 21 professional classes.

In 1983, the progression of the number of state employees had reached 435,759, the STE mentioning that the "real number is probably close to 530,000."

It is really strange and aberrant to learn that it is difficult to know the exact number of civil servants. The STE itself indicates this unusual fact

in a country that is late in finding itself. "In recent years, says the union study, it has become more and more difficult to prepare the budget in view of the difficulty of knowing how many we are, and the consequent final mismatch between the budget appropriations and the funds actually spent."

Cries of Alarm

Despite the cries of alarm, admonishes the STE, which point to the situation of the increase of civil service workers "without a logical return in the quality of services rendered by the administration to society," the state's human resources have continued to grow.

That growth, states the STE, is further aggravated when one takes into account the fact that it is done without planning and control.

At the same time, "the central administration continues to absorb more and more people," in relation to the local administration.

Although there are no figures for 1983, the STE suggests that administrative, technical and high-level technical personnel have probably continued to grow since 1979 at a fixed progression, that is, 9.9 percent in the central administration and 2.4 percent in the local administration.

The STE also assumes that the percentage of administrative personnel has increased in relation to the overall number of employees, as has the number of teaching personnel, with the percentage of high-level technical personnel remaining stationary.

How Can One Accept and Understand?

"How can one understand the fact that in a country seeking a desirable and possible regionalism, the central administration continues to grow at the same rate as the local administration (the latter a little more in the period 1978-1983), considering the quite different starting points and the inherent consequences?" asks the STE.

"How can one understand the existence of 4 civil servants per each 1,000 inhabitants in 1935; 17 per 1,000 in 1969; 31 per 1,000 in 1978; and 45 per 1,000 in 1983, without appreciable qualitative changes in the human resources arising from the organizational modifications necessary to make some sort of future viable?"

"How can one understand the rationale of civil service salary 'policies' that have given employees brutal reductions in purchasing power since 1973?"

"The director of the services today earns 43 percent of what he received in 1973 and the chief high-level technician, 41 percent of what he received that year.

"How can one accept the fact that the salary updates for the civil service are always much lower than inflation, going so far as to reach a difference of minus 14 percent, as it does this year?"

"How can one accept the crying disparities between professional groups as regards the loss of purchasing power of more than 30 percent between 1973 and 1984?" concludes the STE.

8711

CSO: 3542/23

CONSUMER CONFIDENCE, INDUSTRIAL CLIMATE ERODING

Lisbon A TARDE in Portuguese 15 Oct 84 p 10

/Text/ The BPA /expansion unknown/ "business summary," dated September of this year, indicates that the deterioration of economic activity has continued to intensify at a higher rate than anticipated. According to this document just released, the substantial reduction of the balance of current transactions deficit is the most favorable result of the stabilization program applied to the Portuguese economy in 1983.

In going from \$3.239 billion in 1982 to approximately \$1.7 billion last year, that deficit more than fulfilled the goal set in the "letter of intent" to the IMF (\$2 billion).

Thus there is a gradual deterioration of the expectations of the economic agents, evidenced by the consumer confidence and industrial climate indicators.

Production

According to the data of the BPA summary, after a period of recovery which began in the second half of 1981 and continued in 1982, industrial production went into an increasing slump during the past year as a result of a sharp retrenchment of domestic demand insufficiently compensated by the appreciable dynamism shown by foreign demand.

In 1983, the production of the manufacturing industry showed a growth of only 0.6 percent compared to 4 percent the previous year, and although industry as a whole presented a more favorable development as a result of the high performance rate of energy production, it only grew at a rate of 1.6 percent compared to 4.6 percent in 1982.

This declining phase of industrial production extended to the beginning of 1984--in the first quarter, production of the manufacturing industry dropped about three percent compared to the same period the previous year.

Investment

Investment was particularly sensitive to the policy of adjustment imposed on the economy in 1983. Its sharp decline, which in real terms is estimated at

close to eight percent, is the most negative business aspect last year, embodying basically the effects of the forced reduction of the public sector (administrative and entrepreneurial) investment programs, the greater restrictions on domestic credit and its increased cost, and the financing difficulties in the international markets.

The indicators in general, whether at the level of domestic production or export of equipment (minus 15 percent in dollars) reveal the real decline of this magnitude.

The investment intentions of the businessmen revealed in the business inquiry indicate a continuation of the sharp downward trend for 1984 which, as in 1983, is mainly felt in the larger companies and those that produce goods and equipment.

Wages and Prices

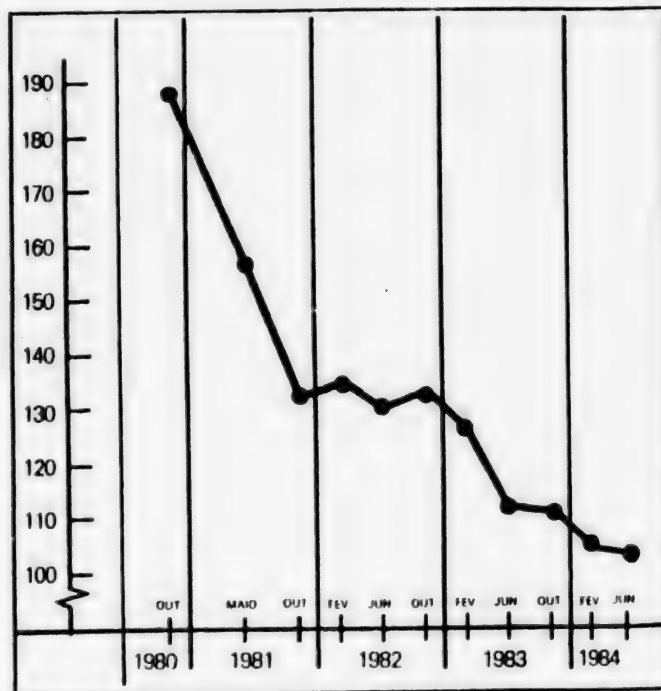
Consumer prices showed a sharp rise beginning in mid-1983 culminating in a rate of difference of 33.9 percent in December compared to 18.9 percent for the same period in 1982.

The substantial reduction of subsidies, the public entrepreneurial sector's policy of approaching real prices and the impact of the exchange policy on the price of imported products were among the most important factors in reviving inflation during this period.

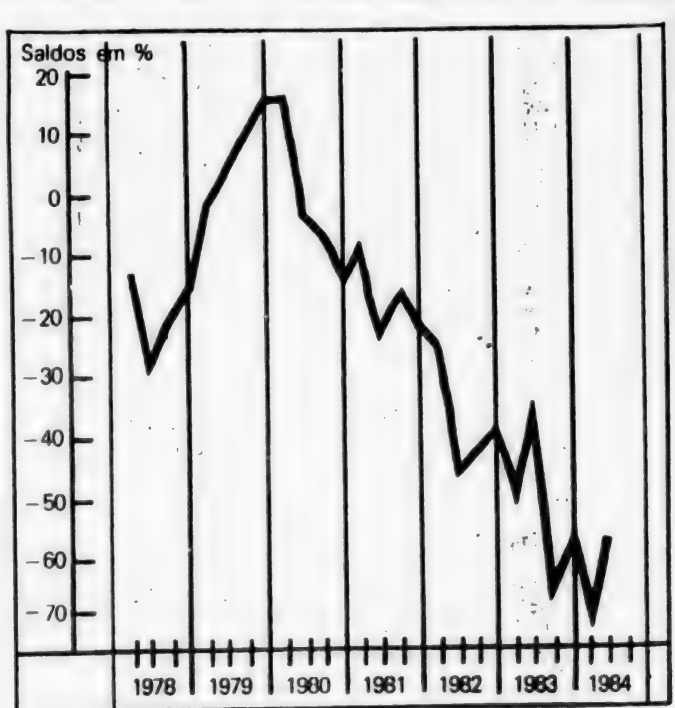
The BPA bulletin says it is hoped that in the course of 1984, the sharp retrenchment of domestic demand and the government's intent to make moderate use of the exchange policy may lead to the gradual slowdown of the inflationary process. However, considering that in the first quarter the rise of the consumer price index was over 30 percent, it is likely that by the end of the year the inflation rate will exceed the level indicated in the major options of the plan for 1984 (20 percent).

The performance of nominal wages, gradually diverging from the inflation rate, led real wages in the fourth quarter of 1983 to the lowest level since 1973.

BPA Consumer Confidence Indicator
(based on inquiry of recent and future economic situation)



BPA Industrial Climate Indicator
(based on inquiry addressed to manufacturing industry on prospects of production, level of finished goods stocks and file of orders)
(based on inquiry addressed to manufacturing industry on prospects of production, level of finished goods stocks and file of orders)



BRIEFS

INFLATION RATE REACHES 30.8 PERCENT--The National Statistics Institute announced yesterday that the inflation rate in Portugal for the first 9 months of the year was 30.8 percent. The consumer price index for the period between January and September, excluding the price of house rentals, was 30.8 percent. The "food and beverage" and "housing expenses" categories were the ones that contributed the most to this increase. The "food and beverage" category increased 33 percent between January and September and the "housing expenses" category increased 34.1 percent during the same period. /Text/ /Lisbon DIARIO DE NOTICIAS in Portuguese 13 Oct 84 p 3/ 8711

CSO: 3542/23

SURVEY OF DISAPPOINTING INI PERFORMANCE RECORD

Madrid DIARIO 16 in Spanish 4 Oct 84 p 17

/Text/ Madrid--It has been almost 2 years of frustration. Losses have continued to increase, the financial structure of the big enterprises has worsened, personnel policy and new technologies have not changed. Everything has remained in the planning stage. The INI /National Institute of Industry/ remains as it was 2 years ago.

The election of Enrique Moya as president of the INI was ill received in labor union and socialist circles. To preside over the public holding organization, the PSOE /Spanish Socialist Workers Party/ government elected a manager, a member of the Managers Society linked to such a relevant economic world personality as Claudio Boada. Everything seemed to indicate that Moya was going to "sweep up" in order to reduce the losses of the INI by closing enterprises, and cutting back production and personnel rolls.

The appointments made by Moya at the outset of his administration did not exceed those made by previous presidents, although the problems of the reconversion and the freezing of the wages of the public administrators brought about new changes in the months that followed. However, Moya modified the structure of the INI by relying on the most valuable men of the holding organization, such as then Financial Director Fernando Rubio.

Nevertheless, as the first year of Moya's administration progress, hope was lost that the plans to make the INI profitable would be accomplished. The losses increased more than in previous years, while the projected restructuring went no further than a declaration of intent. The deficit in the first 10 months of 1983 was already 140 billion pesetas, the same as for the whole preceding year.

This course of the INI provoked one of the harshest criticisms made by a member of the government against the public holding organization. In a speech made in July 1983, Industry Minister Carlos Solchaga asserted that the INI enterprises should comply with the stated objectives if they wanted to keep getting money from the state. The head of the industry challenged the public administrators to pledge themselves to improve their enterprises, or leave their jobs. One of Solchaga's statements left no doubt: "Each one of you will be judged and held responsible for the accomplishment of those objectives."

Scant Accomplishments

Despite the statements of Solchaga, however, the president of the INI had to admit in his report to congress a few months later that the holding organization's enterprises again had record losses in 1983. Moya went as far as to describe the deficit of Iberia /Airlines/ as disproportionate. On that occasion last February, he again denounced the poor financial condition of his enterprises which led them to increase their indebtedness every year.

The INI president could not show great successes after a full year of carrying out his mandate, which had been beset by the problems of the reconversion. Nevertheless, it is acknowledged in official circles that the big decisions--with their successes and mistakes--of the steel and naval operations' reconversion were made by the minister of industry and carried out largely by men who are not close to him /sic/, such as INI vice president Julian Garcia Valverde himself, and INI Naval Division Director Pedro Sancho.

There have been, however, some accomplishments that also are being acknowledged in official circles, such as the start of the restructuring of the holding organization, the case of the electric concern directed by ENDESA /National Electric Power' Enterprise, Inc/, or the solution of the serious problems of the aluminum enterprises by means of a sophisticated financial operation.

Dismissals

The industrial reconversion was the cause of one of the most noted dismissals of the Moya "era"--that of Jose Maria Lucia, president of ENSIDESA /National Iron and Steel Enterprise, Inc/ and Altos Hornos del Mediterraneo for giving in to the demands of the labor unions. But on this occasion, too, as with everything related to this subject, the decision came from the government.

The big enterprises of the INI, jointly with the reconversion, have been other problems that have encumbered the Moya management the most. Iberia--with its growing losses--SEAT /Spanish Passenger Car Company, Inc/ and HUNOSA /National Northern Coal Enterprise/ have been issues outside the control of the president of the INI, as pointed out in government circles. On the other hand, his wishes to capitalize the most needy companies have been met with government opposition, as happened last month.



WITH UGT EXCEPTION, UNIONS REJECT NEW SOCIAL PACT

Madrid ABC in Spanish 7 Oct 84 p 67

/Text/ Madrid--Political parties and labor organizations are considering their postures with respect to the economic and social agreement reached last Friday between the CEOE and the UGT /General Union of Workers/. The CO's /Workers Commissions/ have confirmed their full opposition to the pact, and the rest of the unions that did not participate in the negotiations also express their rejection. The political parties will make known their appraisal in the next few days. For its part, the UGT approved the agreement yesterday.

The CO's have expressed their complete opposition to the social pact in two letters sent by their secretary general to the minister of the interior and to Nicolas Redondo. In them, Camacho asserts that "the right of dismissal is a historic defeat for Spanish workers and unions." He adds that he wants to "show his solidarity with the UGT in the face of the brutal pressures to which you have been subjected, and which deserve our harshest criticism." However, the labor minister sent a letter to the CO's stating that it is the wish of the UGT, the CEOE and the government that in light of the content of the agreement, the confederation of CO's apprise them about the possibility of convening a plenary session for tomorrow, Monday. In case of a negative answer, Almunia has said that it will not be necessary to hold new meetings.

To the USO /Workers Trade Union/, in the opinion of its secretary general, Manuel Zaguirre, the AES /Economic and Social Agreement/ will provoke a very conflictive collective bargaining because he thinks it does not offer anything to the workers. The CNT /National Confederation of Labor/, which has convened its national committee this weekend, has asserted that the agreement is a "marketing" operation of the government, and the CNT will oppose its implementation in the belief that its content is detrimental to the workers. To the ELS-STV, the impact of the agreement on the Basque Country will be very slight, and it could even increase labor conflicts.

On the part of the political parties, there is already the PCE /Spanish Communist Party/ pronouncement that, according to its spokesman, "the AES facilitates free dismissal." Jose Ramon Caso, secretary general of the CDS, has averred

that he "fears the effectiveness of the AES may be limited," and that "it is not sufficient to create jobs and generate the necessary investment."

The executive committee of the PDP /People's Democratic Party/ will meet tomorrow, and the study of the agreement figures in the order of the day. For its part, the national executive committee of the Popular Alliance will analyze the content of the AES in its usual meeting on Monday. In like manner, the executive committee of the PCE will make a pronouncement next week.

The CEOE will announce its decision tomorrow, after the meeting of its executive committee. The management assembly held last Wednesday issued its mandate to the committee and the chairman, in order to make it possible to accept or reject the agreement without having to convoke the top decisionmaking organization of the CEOE. The executive board will be immediately convened to be apprised of the stand adopted by the committee. Once approved by the UGT and the CEOE, the signing of the AES by the government, management and the socialist labor union is foreseen for next Tuesday.

8414

CSO: 3548/12

BASQUE BUSINESSMEN RAP GOVERNMENT SPENDING

Madrid YA in Spanish 7 Oct 84 p 20

/Text/ Bilbao--"The strike and the public deficit still do not give any indication of a break in their trends over the medium term," as disclosed by the document "Public deficit, private sector and revival of the Spanish economy" releases yesterday by the Basque Managers Society /CEV/. The elemental reason for the recent behavior of the public is none other than the sharp increase in current expenses of the public agencies.

Within a total public outlay that in the past 6 years has increased from 27 percent to 38 percent of the gross domestic product, current expenses are growing even faster. The direct causes of the growth of the deficit were the increase in transfer payments to families, particularly as strike subsidies; growth of transfer payments to enterprises in trouble, essentially public ones; and rise of public spending dating from 1975-76, basically due to an inordinate increase of the personnel rolls of the various public agencies.

Fiscal pressure went from 27 percent to 32 percent of the GDP, which undoubtedly has had a very negative impact on corporate expectations and net profitability in the past few years.

Managers warn that if the current trends concerning the growth of the outstanding debt were not corrected, the latter would become the main cause of the continuance of the deficit, which could exceed 1 trillion pesetas in 1990, with the resultant financial burden.

Rate of Saving

As long as a vigorous change of course does not take place, it cannot be expected that the public sector will significantly contribute to increase the Spanish rate of saving, considering that current expenses themselves have been growing faster than nonfinancial public revenues, to the extent that negative rates of saving have been recorded. In this situation, as difficulties and unemployment grow, transfer payments go up, public investment declines, and domestic demand diminishes all the more.

The reduction of the public deficit would require either a decrease in the public outlay commensurate with the GDP, or preventing that the evolutionary rate of the former exceeds that of the latter in real terms. An alternative solution--absolutely undesirable at this time of our economic foundering--would be to increase fiscal pressure, the method upon which the budgetary policy of the present government continues to insist.

All this does not mean that the fiscal policy should be repudiated, on the contrary, what should be done is to change the present structure of the public outlay, freezing the current expenses of the public sector in order to build up public investment in fixed capital to much higher levels than at present, thus reversing the latest structural trends of the public outlay.

In the context of a coherent economic policy, current expense must be trimmed in principle in order to restart next a progressive reduction of the deficit, a decrease that will be accomplished in a healthy manner only when the employment battle begins to be won, subsequently generating bigger nonfinancial fiscal revenues without increasing fiscal pressure, and lower outlays due to social transfer payments, greatly alleviating the problem.

The CEV recommends that real wages trend considerably lower if it is sought that corporate surpluses will recover to minimal levels that could trigger a general process of investment. On the other hand, such real wages should also come down in the public sector, accompanied by a reduction in personnel rolls in order that public saving and investment can rise from the very low levels at which they are.

8414
CSOP 3548/12

CEIM'S ANTONIO SECURADO ON MADRID ECONOMIC MALAISE

Madrid YA in Spanish 22 Oct 84 p 10

[Text] Jose Antonio Segurado is president of the Independent Businessmen's Confederation of Madrid (CEIM). Madrid's businessmen are faced with a serious situation. The economy of Madrid is experiencing difficult moments. The Madrid community has 331,600 unemployed--19.20 percent of the labor force. In Segurado's opinion, business activity in the area has been hurt badly; people have no illusions about being businessmen. More jobs have been lost in this community than in Sagunto; if the government should fail to recognize this--the president of CEIM contends--it would be a historic mistake. In drawing up its general plan, the government had to recant and recognize the validity of some of the allegations made by businessmen. Relations with the autonomous government on some subjects of great importance are unsatisfactory and the insecurity of the citizenry has led to the closing of many shops.

Fiscal pressure is increased continually and the bureaucracy continues to be an obstacle to the establishment of new industry. These are the overall conclusions of the interview we held with Jose Antonio Segurado.

Businessmen insist that the crisis has reached unexpected proportions and that there is no apparent way out. Many have had to shut down their businesses and, in the commercial sector, there are numerous places abandoned to an inactivity that is presumed to be permanent.

[Question] Is the economy of Madrid going through the worst moments in its history?

[Answer] The situation is very delicate. This does not mean that there are not businesses in some sectors that have surmounted the crisis very well and are making money, but in general, business activity has suffered badly. People have no illusions about being businessmen; there is a crisis in the business profession. Businessmen suffer from a lack of recognition of their importance by society, as well as several internal problems which, in brief, are: a permanent rise in labor costs, increases in taxes, social security and financial costs that have become unbearable. I admit that there has apparently been a certain reduction in preferential interest rates in recent months. The interest rate in Madrid is between 18 and 20 percent; this means that, with an inflation rate of about 11 percent at present, the businessman is paying between 7 and 9 percent real interest.

[Question] Have the businessmen of Madrid noticed, for good or ill, that Madrid has an autonomous government? How are relations with that government?

[Answer] We are only at the beginning. From an institutional point of view, relations are flawless. President Leguina and his government team have shown marked enthusiasm in tending to CEIM's needs. In this regard, what is happening with the autonomous government is similar to what happened at the level of the central government: men without experience in positions of responsibility in the government--and there have been some--have come to realize that utopia is one thing and economic reality--the making of decisions--another. In concrete terms, as for example, the Society for Mutual Guarantees, which we have fostered jointly, cooperation is complete.

[Question] In the case of the Madrid Institute for Development, there have been serious differences....

[Answer] President Leguina's ideas, which were flawless at the beginning, when the subject was first raised, have been trimmed back. The institute, in its governmental organs, is composed entirely of government officials--highly esteemed but government officials nonetheless--and in my personal opinion, this does not do for the objectives that were envisaged. Leguina had promised the presidency of the Institute to a businessman and afterward did not carry out this promise, because if there is one thing which is accepted as an unarguable truth in Spain and in the Madrid Community, it is that public enterprise is wasteful, it is less efficient than private enterprise and not only does not create wealth but actually costs all Spaniards a lot of money.

[Question] The Regional Transportation Consortium is another burning question. What do businessmen have to say in this regard?

[Answer] They are listening to us on this subject, but, in the beginning, we said that we were worried about a lot of aspects of this consortium, among others, the existence of a public enterprise and creation of another. This is not the path to follow.

[Question] A subject that causes concern, that raises expectations and hopes, is the declaration of an "area of urgent reindustrialization" for Madrid. What is the businessmen's position on this subject?

[Answer] We are completely in agreement with the autonomous government on this, because there is data on the crisis in business and employment that speaks eloquently. In the case of Sagunto, all kinds of facilities were provided; in Madrid, many more jobs were lost during the same period. Few areas in Spain have as great a need of being declared an "area of urgent reindustrialization" as the south of Madrid.

[Question] Nevertheless, there are serious doubts as to whether Madrid will get from the national government the treatment that its precarious economic and unemployment situation demands....

[Answer] It would be a historic mistake on the government's part if it did not. At the dinner meeting we had in July with Prime Minister Gonzalez himself, we assured him of CEIM's total support, and we are ready to fight to the end to get such a declaration.

[Question] To prepare the ground for such a declaration, some Madrid municipalities have set aside specific pieces of land for industry, but there are pieces lying unused that have been abandoned little by little by business. How is this apparent contradiction to be understood?

[Answer] It often happens that there is insufficient sensitivity to the needs of existing firms that, with a little help and prompt resolution of the regulations covering employment, could adapt themselves to a changing world. It is necessary to consider what one has before creating new expectations.

[Question] A matter of the greatest importance for Madrid and its businessmen in the general plan. You have put forward many arguments; they have repeatedly reverted to positions based on their philosophy and asked for participation in the plan. What are the results?

[Answer] This is one of the subjects on which the businessmen have been shown to be right. CEIM has behaved with regard to this affair with an enormous sense of responsibility; we have worked for 3 years, publishing four volumes of arguments. When a new plan is published, it will really be new. They have taken some of our more important suggestions, and this must be deeply humiliating to Mr Barranco, who totally disparaged all this. We need 2 more months to make a further effort, because the general plan is decisive in Madrid's case. Before, capability of business activity to exert influence was not recognized; now, this has changed. How could business not exert influence when it is a basic element? Democracy means participation.

[Question] We are going to raise a subject with regard to which you have been severely critical: the pressure of taxation. What has been the effect of this on the economy of Madrid?

[Answer] We have just completed a study, and the first figures I have been given show one thing very clearly: apparently, in the Community of Madrid's 145 municipalities, the increase in taxes is negative in terms of constant pesos, but the cumulative effect on the transfer of funds is 100 percent and this cannot be disguised. Logically, the taxpayer pays in one way or another. If Spain is to establish a realistic basis for economic recovery, then the unarguable principle has to be recognized that one cannot say, I am going to spend so much and see if I can collect the taxes to pay for it, but that one must say instead, I can spend so much because I have collected taxes to pay for it; this is what every businessman does and what the autonomous government must take into account.

[Question] And now they propose a new tax, in the form of a 3 percent surcharge on the IRPF

[Answer] This seems to us to be a great mistake. The community cannot bear a tax increase. If they approve it, we will have to accept it democratically, but we declare right now that such a measure is altogether contrary to what ought to be done. Meanwhile, they do not admit that the imposition of taxes has two clear consequences: it obviates any business surplus, without which there can be no investment, savings or jobs and, in addition, it provokes massive and permanent recourse to a economy--a kind of economy that I condemn. So far, I am not aware of any tax reform that does not mean a heavier tax burden.

[Question] Unemployment levels in the Community of Madrid are alarming. Does business bear a responsibility for not investing and thus creating jobs?

[Answer] The labor force is growing in Madrid, and, in spite of the fact that there has been a 50 percent increase in employment, unemployment is rising above the national average. In such a large city as Madrid, those seeking employment are increasing greatly because the labor force is increasing greatly and, unfortunately, the jobs created are insufficient to absorb unemployment. The figures are here: in the Community of Madrid, we are losing ground in fighting unemployment. What businessman today can invest to increase profits after a year of normal business activity? He would have to get 32 or 33 percent on the money he invested in order to be able to pay--once he has paid his taxes--a dividend on the order of 14 or 15 percent, which is what the government gives him. Bureaucratic obstacles have to be decreased for the businessman. I remember the case of a small businessman who complained that he had to request 22 licenses in order to set himself up in business; this is crazy. There are large businesses that have had to wait a year and a half for permission to open up large stores. Given the unemployment situation, there must be supersensitivity to the need for facilitating private initiative and creating new jobs. Either there will be a lot of private initiative or this country will not advance.

[Question] Recently, the Madrid businessman not only has been afraid to invest but also has feared being robbed, has worried about the city's insecurity; many have closed their businesses and shops for this reason....

[Answer] We are in the midst of a deep economic crisis, with elevated rates of unemployment in the industrial belts and very difficult living conditions. This in itself promotes crime. Then there are drugs, the use of which has increased terribly in Spain. Impunity in this area is total. In any Madrid park along Castellana Street, cars stop and people in the street traffic in drugs; this is shameful for the city. I do not think that anyone in the Ministry of Justice is capable of formulating reforms with evil intentions, but the consequences have been dramatic. It seems ridiculous that repetition of the offense should not be considered as an aggravating circumstance. It is a very serious matter that lack of confidence in the constitutional regime is being generated. When a society does not report criminal acts to the police, something is not working.

[Question] How are relations between CEIM and the Chamber of Commerce and Industry?

[Answer] Relations are splendid. We have never had any problems; the bases for cooperation are ideal. There are CEIM men in the chamber and vice versa. We think that, in this sense, we are providing a fine example of what relations between the two entities should be.

12336

CSO: 3548/29

COST, SCOPE OF INDUSTRIAL RECONVERSION EXAMINED

Madrid YA in Spanish 30 Oct 84 p 20

[Text] The government's 1984-1987 intermediate-term economic program prepared by the Ministry of Economy, which gathers 3-year projections, is accompanied by a document that includes the structural and institutional reforms to be accomplished. It covers energy and industrial realignment, agrarian transformation and modernization, flexibility in the labor market, social security reform, public enterprise reform and regional planning. Industrial reconversion requires financing of 1,264,632 million pesetas in the 1984-1990 period.

Madrid--The document which accompanies the government's 1984-1987 intermediate-term economic program estimates labor costs of 116,745 million pesetas for the integral steel, special steel, naval construction and household appliances sectors. Of that total, 71,469 million are public funds; 45,276 million in private funding will be supplied by the enterprises; and 16,449 million by the Employment Promotion Fund. This fund will be financed by the contributions of workers incorporated in the fund, as determined by sectional plans, solidarity payments of workers who continue to be employed by the industries being reconverted, voluntary contributions from enterprises undergoing reconversion, subsidies and the proceeds derived from the financial management of their funds.

The financial needs of all the sectors subject to industrial reconversion for the period 1984-1990 are estimated at 1,264,632 million pesetas, of which 548,129 million will be invested in capital goods; 61,814 million will be invested in working capital; 565,258 million will go for the restoration of financial health; and 89,431 million will be used to straighten out the labor situation. These corrective actions will be concentrated in the 1984-1986 period.

In the report on reconversion, first and foremost, emphasis is placed on the major importance of credits vis-a-vis subsidies as a mechanism for channeling funds to sectors undergoing reconversion, as the result of the government's desire to have realignment costs shared equitably, with a requirement for a corresponding contribution from the business sector; in

the second place, the differences existing in the sectors to be reconverted, as the reconversion process cannot be reduced to the closing of installations and a decrease in payrolls. In most cases, a process of entrepreneurial fusion is necessary which will make possible productive specialization; in the third place, it must be emphasized that the financial situations of those sectors are also very different, which justifies the distribution of the total resources and the different ratio between credits and subsidies.

Reconversion commitments assumed up to now are estimated in the report to be 786,344 million. Of this total, 109,435 million are subsidies from the Ministry of Industry; 214,409 million are credits guaranteed by the Industrial Credit Bank; 131,500 million are credits guaranteed by INI [National Institute of Industries]; 139,100 million, expansion of the capital of the INI; and 191,900 million, replenishment of losses by the above-mentioned organization.

Agrarian Policy

The document covers forecasts of the production of grains, leguminous fodder, wine, sugar, pork, beef and sunflower and olive oils, so that through their adjustment to consumption, it will be possible to have savings in funds earmarked for FORPPA by regulation. Such savings, according to the document, will permit us to finance more easily measures relating to the transformation of structures. Specifically, with the transfer to private financial intermediaries of part of the credits which up to now were granted by FORPPA, it will be possible to reduce the funding required by the regulatory agency by 23 billion.

In the last year of the plan, the production goals are as follows: 4.8 million tons of wheat; 8.4 tons of barely; 2.65 million tons of corn; 450,000 tons of rice; 380,000 tons of legumes; 960,000 tons of sugar; 440,000 tons of beef; 1.27 million tons of pork; 275,000 tons of sunflower oil; 450,000 tons of olive oil; and 32 million hectoliters of wine.

Social Security Reform

Social security reform is considered one of the government's priority objectives. The need for this reform is attributable to the deficiencies of a system which has not responded to its own philosophy and to the growing financial imbalance of the system which cannot be sustained from a budgetary standpoint in the next few years.

Social security forecasts for 1990, in accordance with the current trend, estimate total costs of 6,218,500 million pesetas, compared with autonomous revenues of 3,817,700 million pesetas, which represents a deficit of 2,400,800 million, a figure double the deficit forecast for 1986. Those who prepared the report pointed to the seriousness of the growing gap between costs and contributions, which has to be covered by the state budget, the need for which is aggravated by the persistence of other dysfunctions, some of which relate to management and others to insufficient

clarity as regards the standards of incompatibility, disability, injury, etc. The document points out that a retirement pension is 100 percent of the 2-year average while in Great Britain it is 25 percent of the average of the entire working career; in Portugal it is also 25 percent but based on a 5-year period; in France, 48 percent of the 10-year average; in the Federal Republic of Germany, 62 percent of average for the entire working career; and in Italy, 70 percent based on 3 years.

Flexibility in the Labor Market

In the labor sector, the report recognizes that during the 1984-1987 period, flexibility in the labor sector is one of the priority institutional reforms of the economic program; however, the report gives no information about how this reform is to be implemented.

On the subject of part-time labor contracts, the report offers all workers the possibility of this kind of contract, with a final purpose of improving the placement of workers through this labor formula. To bring this about, a change in the regulation relating to part-time labor contracts should permit the attainment of three objectives: to satisfy the wishes of part of the population willing to work part time; to decrease the minimum amount of time the enterprises can offer a contract; and to stimulate the use of part-time workers; and by this means to bring about a sharing of the available workforce of a strictly voluntary nature, raising the employment level.

Reform of Public Enterprise

The strategy to be followed by the INI is to put itself in a position in which the profitability of active members of the workforce is at least equal to the cost of retirees and to generate a surplus to finance necessary investment. The report also says that the state's efforts to increase funds earmarked for "holding" would be in vain if the realignment of active members of the workforce and payrolls is not undertaken. Losses forecast for the INI group for 1985 total 110,100 million pesetas. It is estimated that enterprises in reconversion sectors will lose about 60 billion pesetas in 1985; enterprises in crisis, 35.1 billion, of which the biggest loss will be in SEAT [Spanish Passenger Car Company, Inc.]; Iberia, 7.9 billion; Babcock-Wilcox, 8.1 billion, and Bazan, 12.6 billion. The rest of the enterprises expect to lose about 16 billion pesetas. It is estimated that losses of the INI group in 1986 will drop to 47.2 billion, of which 45.3 billion will be by reconversion enterprises and 9.1 billion by enterprises in crisis. It is expected that the rest of the enterprises will have profits amounting to 23.2 billion.

8143

CSO: 3548/36

OPPOSITION TO OPEN FIRE ON 1985 STATE BUDGET PROPOSAL

Madrid DIARIO 16 in Spanish 6 Nov 84 p 15

[Text] Today, the government's economic policy will be subjected to criticism from the opposition, through the debate on the bill for the General State Budgets for 1985. All the parliamentary groups have requested the bill's return to the government, because they do not consider it useful either for reactivating the economy or for creating employment.

Madrid--All the parliamentary groups, except for the Socialist one, have submitted a total amendment, requesting that the government withdraw the bill on the General State Budgets, regarding them as essentially useless for creating employment. The Popular Group has submitted an alternate text, to show "that the opposition does have an economic alternative to the policy being made by the government." The minister of economy and finance, Miguel Boyer, will defend the government budgets, which must be approved before 31 December at the plenum today, Tuesday.

With these total amendments, both the left and right wing opposition are attempting to inflict punishment on the government policy for having failed with regard to two basic objectives, namely, an increase in private investment and the creation of employment, not fulfilling the expectations created by the economic team headed by Miguel Boyer. Nevertheless, and thanks to the absolute majority that the Socialist Parliamentary Group enjoys, the budgets will pass without parliamentary problems.

The government has available the economic and social agreement as a main defense weapon for future expectations, as well as the sound footing attained for our economy in the macroeconomic areas, such as the good results in the balance of payments, the curbing of inflation by about 9 percent, which means having cut it three points in comparison with last year's figure, and the curbing and reduction by half a point of the public deficit in relation to the GDP, which has caused Spain to grow more than the group of countries in OECD [Organization for Economic Cooperation and Development].

According to Miguel Boyer, this shows that the government's proposals "are correct, although there has been an error in the rate of their fulfillment." In the minister's view, employment is the last area in which the improvement

in the economy is reflected, and for this reason he expects that jobs will start being created in 1985.

Timetable

There is also widespread agreement among all the opposition groups when it is time to criticize the delay with which the budgets have been submitted to Parliament, failing to fulfill the constitutional mandate that requires the executive body to submit them before 30 October. According to the government, this delay was a merely technical matter, because it will not preclude the possibility of the budgets' being properly analyzed, discussed and inspected by the legislative body, nor has any kind of problem actually cropped up, because they will go into effect before 1 January 1985.

The timetable set for the budget debate, considered the most important one of the year, is as follows: starting today, and all week long, a debate in the plenum on the total amendments and alternative texts. Between 14 and 16 November, there will be a discussion by the commission of the amendments to the terms submitted by all parliamentary groups, including the Socialist one, which, according to the spokesmen for the aforementioned group, are of a "technical nature."

Economic Alternatives

The Popular Group will take advantage of this occasion essentially to show that it has an economic alternative of its own; and hence, in addition to submitting a series of partial amendments to the terms, to technically improve certain items, it will focus on the government's economic philosophy, to give preference to its own. Those responsible for doing this will be its three top-ranking officials specializing in economic affairs, namely, Jose Ramon Lasuen, Fernando Schwartz and Abel Matutes. Fraga will participate in the debate involving the totality. The economic policy upheld by the Popular Group members is situated along the same line of economic orientation, but intensifying the reforms that they consider essential, such as that of achieving greater liberalization in our economy. They regard the signing of the AES [Economic and Social Agreement] as constructive, but think that the goals of this agreement are contradictory to those established in the medium-term economic program that has been submitted along with the budgetary bill.

They also accuse the government of not curbing the public deficit; because, although it is true that it has been cut a half a point with respect to the GDP, the need for indebtedness among the public administrations has grown.

2909

CSO: 3548/43

MOTION OF UNCONSTITUTIONALITY AGAINST WORKER STATUTE

Madrid ABC in Spanish 6 Nov 84 p 63

[Text] Yesterday, the Basque and Centrist Popular Parliamentary Groups submitted a motion of unconstitutionality against certain provisions of the law which amended the Workers Statute this past August. Those making the appeal object to the postponement of the trade union elections, the automatic extension of the representatives' term and the legitimacy for negotiating collective contracts.

The motion was made formally by Jose Maria Ruiz Gallardon, and is aimed at halting the extension of the current term of the workers' representatives which, based on this law, increases from 2 to 4 years, and also against the discrimination involved in the more representative concept of the trade union confederation, attributing to UGT [General Union of Workers] and CCOO [Workers Commissions] the possibility of negotiating collective contracts in all labor areas, including those sectors or business firms in which their entrenchment is slight.

This is an ordinary motion, which must be submitted within 3 months of the publication of the law in the BOE [Official State Gazette]. The Constitutional Court has been petitioned to consider jointly this motion and the one of a preliminary nature which has been made against the organic law on trade union liberty.

Those filing the motion oppose the postponement of the elections for the workers' representatives, because in their view, if the trade unions' greater representative status is based on such elections, the latter should be held on the stipulated dates. According to those appealing, the extension of the term should occur in the future, but not affect the current representatives. With this situation, UGT, which now has the largest number of delegates on the official level, would benefit.

The motion also challenges a section of Article 67.3 whereby the term of the workers' representatives will be automatically extended if, upon its termination, no new elections are proposed. Those submitting the motion think that this system establishes an abusive, unconstitutional privilege; because the ones who can propose such elections are the most representative labor organizations, and that greater representative status is procured on the basis of the elections.

Thirdly, the motion relates to Article 87, which grants legitimacy to the most representative trade unions to negotiate collective contracts. It is argued in the motion that since such status is procured on the basis of the terms of the organic law on trade union liberty, and this law is currently subject to the Constitutional Court, it is considered improper for this ruling to be into effect without the prior finding of the court on the constitutionality of that law.

The grounds for appealing these rulings are based on the records in the motion document, wherein several articles of the Constitution are shown to be violated. It is claimed that the legislator "has disregarded" the democratic state of law, by ignoring the need for the representative terms which have some repercussions on public affairs to be subjected to "certain revisions, with a certain amount of regularity."

2909

CSO: 3548/43

ECONOMIC

SWEDEN

BRIEFS

FEWER INCOMING ORDERS FOR INDUSTRY--Incoming orders for Swedish industry declined greatly in September. The decline was 6 percent from September of last year, and 12 percent from August according to information from the Central Statistical Bureau. The decline is not as alarming as it appears, however, since September of this year contained 20 working days, compared with 22 last year and 23 in August. [Text] [Stockholm DAGENS NYHETER in Swedish 13 Nov 84 p 10] 9287

CSO: 3650/53

DRASTIC DECLINE IN OIL IMPORTS EXPECTED TO CONTINUE

Copenhagen BERLINGSKE TIDENDE in Danish 27 Oct 84 Sect III pp 6-7

[Article by Lars Dyrskjot: "Coal and North Sea Oil Cover Consumption"]

[Text] If Kuwait Petroleum had not bought the Gulf oil company, Denmark's import of oil from the OPEC countries would generally not even have been noticeable in the goods statistics. Of a yearly oil consumption of a good 11 million tons, 1.1 million tons comes directly from Kuwait to the Stigsnaes refinery, from where over half goes on to Sweden in the form of products.

Just ten years ago 80 percent of Danish crude oil consumption -- ten million tons -- came from countries around the Persian Gulf, while the remaining 20 percent was obtained from Africa, mainly Nigeria.

From Saudi Arabia, which formerly was a main supplier to Denmark, 263,000 tons of crude oil were delivered in 1983 to Denmark -- mainly through the national "Pilot Light Agreement," which replaced "The Sextons' Agreement." On the other hand, Denmark gets 1.1 million tons of crude oil from the Soviet Union, because Shell has a favorable agreement with the Russians on refining.

The remaining nine million tons of crude oil and products that Denmark consumes yearly come today from the North Sea. Today the British sector is the largest with three million tons, while the Norwegian one with direct deliveries and by way of products from Swedish refineries indirectly is just as large.

From the Danish sector, over two million tons of crude oil are delivered, and now that the natural gas deliveries have started, the Danish energy share will increase over the coming years. The remaining products are delivered mainly from the Rotterdam refineries.

The self-sufficiency the countries in northern Europe have achieved by way of North Sea deliveries is also due to the fact that consumption has been limited by over four million tons. Part of it has been achieved by energy savings, while the large part has been replaced by coal and other solid fuels.

DONG STILL HAVING PROBLEMS WITH GAS SALES COMMITMENTS

Copenhagen BERLINGSKE TIDENDE in Danish 3 Nov 84 p 2

[Text] In its yearly report to the Folketing, D.O.N.G. says it is necessary to increase sales efforts.

Danish Oil and Natural Gas (DONG) has continuing problems in selling the natural gas the national company has committed itself to take from the Danish Underground Consortium's (DUC's) installation in the North Sea. This comes from DONG's annual report to the Folketing.

When the company began delivering natural gas 1 October this year, there was an assured sale of about 670 million cubic meters of gas, corresponding to 80 percent of the amount of gas DONG has agreed to take up to October of next year.

But in spring they were able, with government pressure, to get the companies to take an amount of gas equal to the missing 20 percent. But just a year later DONG has committed itself to take twice as much gas, and this is why they are in a hurry to find new customers.

According to the agreement, this will happen by strengthening the sales effort on the Danish market, by increasing exports, and by finding new areas of use for natural gas. The latter can take place, for example, in electricity production, heat pumps, and fuel for cars and buses.

DONG knows that a Danish market for compressed gas for cars can be developed at the rate of 200 million cubic meters a year. The company will itself equip some of its own cars with gas compressors to test this new and environment-friendly idea. The high dollar exchange rate has also given DONG economic problems, because the financing of the expensive installation workers is done almost exclusively by taking out dollar loans on the international capital markets.

9124

CSO: 3613/25

FISHING AGREEMENT SIGNED WITH MOROCCO

Lisbon DIARIO DE NOTICIAS in Portuguese 11 Oct 84 p 3

/Excerpts/ Cooperation between Portugal and Morocco in the merchant marine and fishing areas, specifically the authorization for the small-scale fishing fleet to fish in Moroccan waters were the subject of an agreement concluded yesterday between the Portuguese minister of maritime affairs, Carlos Melancia, and the Moroccan minister of ocean fisheries and merchant marine, Bensalem Smili. The agreement concluded a 3-day working visit.

The creation of many joint ventures, already provided for in the fishing agreement of 25 March 1976, will now be feasible. In the meantime access to Moroccan territorial waters will be maintained for vessels whose owners cannot become members of joint ventures because of the use of small-scale fishing methods.

With regard to maritime relations between Portugal and Morocco, the protocol provides equal treatment to the Moroccan and Portuguese fleets when operating in each other's waters, specifically as regards access to ports and charges to be paid.

Speaking to newsmen at the end of the ceremony, Carlos Melancia explained that the number of licenses will be decided "case by case" and that the number granted now may be increased in subsequent years. Regarding the problem of delays in the transfer of revenues of the joint ventures, the Portuguese minister said that the matter would be settled by the end of this year.

For his part, Bensalem Smili replied that the granting of licenses to Portugal did not conflict at all with his country's agreements with Spain.

During his stay, the Moroccan minister and his Portuguese counterpart--whom he invited to officially visit Morocco--also signed a twinning agreement between the Institute of Advanced Maritime Studies of Casablanca and the Infante Dom Henrique Nautical Institute of Paco de Arcos.

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12 Dec 1984